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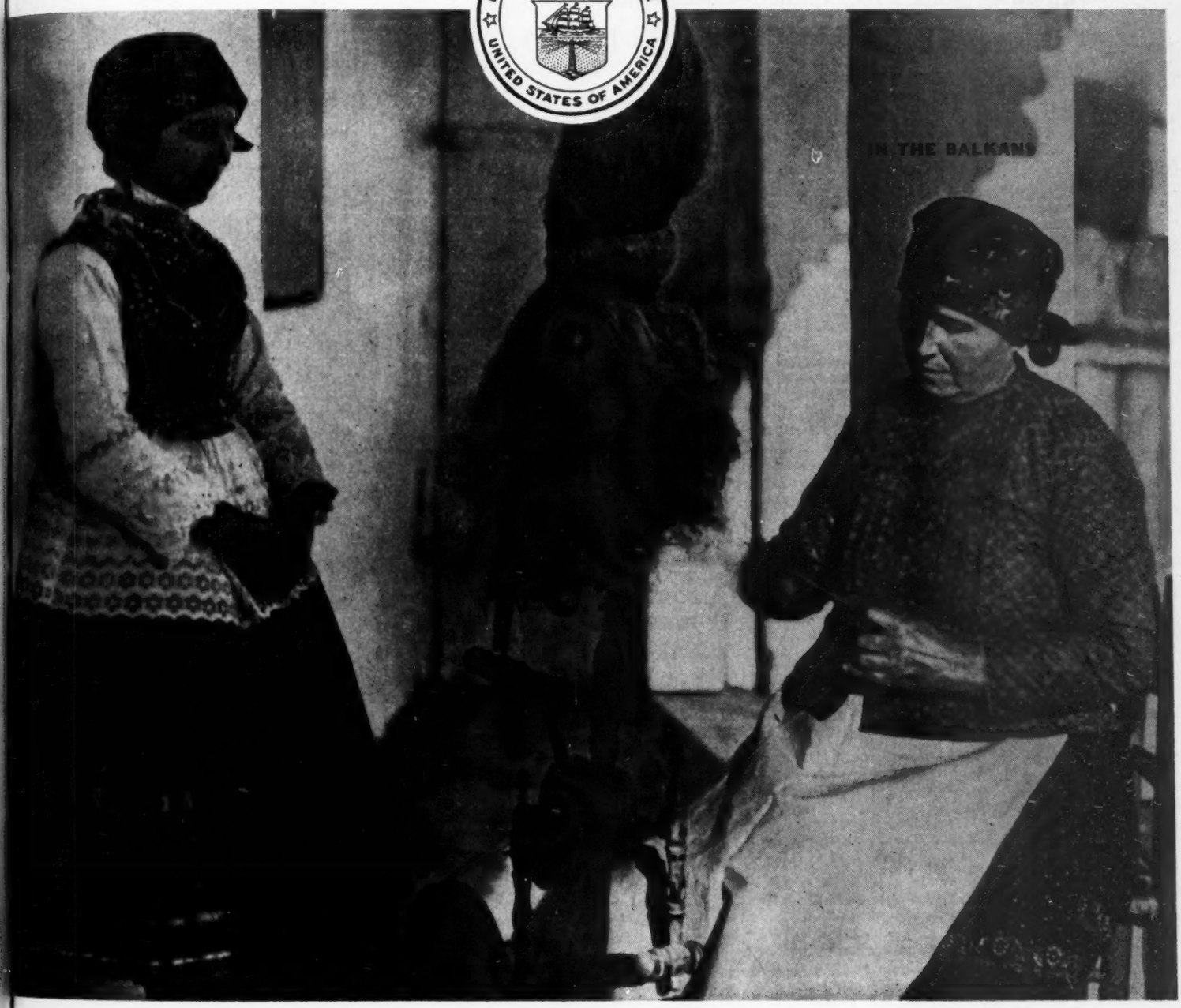

Foreign Commerce Weekly

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Issued by the UNITED STATES DEPARTMENT OF COMMERCE, JESSE H. JONES, *Secretary*

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"There's NO LIMIT to MATERIAL PROSPERITY"

By the Honorable SUMNER WELLES, *Under Secretary of State* [1]

THE UNITY which the free peoples have achieved to win their war must continue on to win their peace. For since this is in truth a people's war, it must be followed by a people's peace. The translation into terms of reality of the promise of the great freedoms for all people everywhere is the final objective. We must be beforehand in charting the course toward that objective. The clearer we can make the outlines of the peace, the firmer will be our determination to attain it, the stronger our will to win the war.

One hears it said that no thought should be given to the problems of the peace, nor to the problems of the transitional period between war and established peace, until after the war has been won.

The shallowness of such thinking, whether sincere or sinister, is apparent.

In many cases it is due, I think, to what Plato terms "double ignorance": when a man is ignorant that he is ignorant.

"Thinking and Planning"

It does not detract from our war effort, nor from the single-minded drive of the Nation toward the ultimate victory, that our people should be thinking of, and planning for, the kind of world of the future in which peace can be maintained, and in which men and women can live out their lives in security and free from fear.

Such efforts in my judgment contribute directly to the drive toward victory.

The setting up, now, of efficient machinery to deal with such problems as relief and rehabilitation, for example, which will accompany victory, cannot fail to strengthen the resolve of all liberty-loving peoples, including those in areas now occupied by the enemy, to bring the conflict to the speediest possible conclusions; it cannot fail to make them realize that the sort of world for which we are striving is worth the sacrifices of war; is worth the cost of victory.

It is clear to all of us, I think, that the United Nations must maintain their unity beyond the immediate task of prosecuting the people's war in order to prepare for and insure to the people their peace.

"Access to Raw Materials"

Point Four of the Atlantic Charter promises "to further the enjoyment by all States, great or small, victor or vanquished, of access, on equal terms, to the trade and to the raw materials of the world which are needed for their economic prosperity."

This promise, and the balance of the Charter, the United Nations adopted as their own by their common declaration of last January 1.

How do they propose to make it real? Some things at least are clear.

Access to raw materials does not mean and cannot mean that every nation, or any nation, can have the source of all of them within its borders. That is not the way the world was put together. Coal and iron in combination are found in few locations. Much of the nickel of the world is in one great Canadian deposit. Neither coffee nor cork will grow in the United States.

"Bring On Own Destruction"

No nation can be self-sufficient by changes in its boundaries, and those who try by force to do so, as the Axis leaders have tried, bring on themselves inevitably only their own destruction. The path to plentiful supplies does not lie through physical control of the sources of supply.

The problem of raw materials is not exclusively, or even primarily, a problem of colonial or undeveloped areas. The great mineral deposits exist, chiefly in countries that are already self-governing, such as the United States, the Soviet Union, Canada, Germany, Sweden, South Africa, Mexico, Brazil. Access to raw materials does not mean possession of a colony. It means effective power to buy in the world's markets.

"The Right To Buy Was Real"

The legal right to export raw materials has seldom been restricted by producing countries. True, the United States and other countries sometimes have been guilty of forbidding the export of certain things needed for production elsewhere, for fear that others might obtain the means to trespass on their markets. But those cases were rare. Countries producing raw materials desired normally to sell their surplus, and the problem usually was to find a profitable market. The right to buy was real, and satisfied peace-loving peoples.

Belgium, Denmark, Sweden, Switzerland, Czechoslovakia, Norway, not to speak of the United States and England, bought in the years between the wars great quantities of foreign raw materials, and none of them claimed that they needed greater resources to live.

The countries that complained, and shrieked that they must have colonies or die, have shown now by their conduct that what they wanted was not prosperity and peace but the materials for making war.

"No War Materials for Hitlers"

For war indeed, one cannot count on oversea supplies, and an aggressor must first corner all he can of coal and iron and oil and copper, in the ground or out of it.

But the Atlantic Charter does not propose to aid aggression. It proposes, on the contrary, to make sure that aggression does not happen, and to that end the United Nations will create the necessary instruments—and this time they will be effective instruments and must be firmly used—to make it certain that any power that again threatens to enslave its neighbors is denied the means to do so. The materials of war must be denied to any future Hitler.

The access to raw materials of which the Charter speaks is access for the purposes of peace. For that purpose it matters little in whose territory particular resources are found. Access means the right to buy in peaceful trade, and it exists whenever that right is effective and secure.

"Problem: Means of Payment"

What forces then have interfered with that right in the past, or may interfere with it in the future?

Most raw materials are not subject to monopolistic practices, because producers are too numerous; but there have been charges in the past, and there are charges now, that in certain cases the producers of some commodities, with the support of the governments to which they owed allegiance, have managed, by what our Sherman Law calls combinations in restraint of trade, to reduce supplies and enhance prices beyond reasonable levels, or to discriminate among their customers. A world devoted to increased production and fair and fruitful exchange of all kinds of useful goods cannot tolerate such practices.

But monopoly, in the field of raw materials, is not the major problem. Most materials are plentiful in peace, and their

(Continued on p. 38)

[1] This is the latter half of an address by the Under Secretary of State at the World Trade Dinner of the 29th National Foreign Trade Convention at Boston, Mass., Oct. 8, 1942.

I. G. FARBEN
"Adds the Balkans to the Reich"

Part I: The Broad, Persisting Pattern of Adroit Penetration

By KARL FALK, *Department of Commerce*

"ONE BILLION MARKS more goods a year can be sold to the Balkans, if purchasing power for imports is raised to one-half the German level." This is the patronizing conclusion of the economic division of Germany's huge chemical combine, I. G. Farbenindustrie A. G., as a result of a 10-year intensive study of southeastern European raw materials and markets. Further, an increase of 50 percent in agricultural yield per acre in southeastern Europe through using German experience, chemicals, machines, and seeds is part of the goal announced by the Reich in trying to make the European continent self-sufficient.

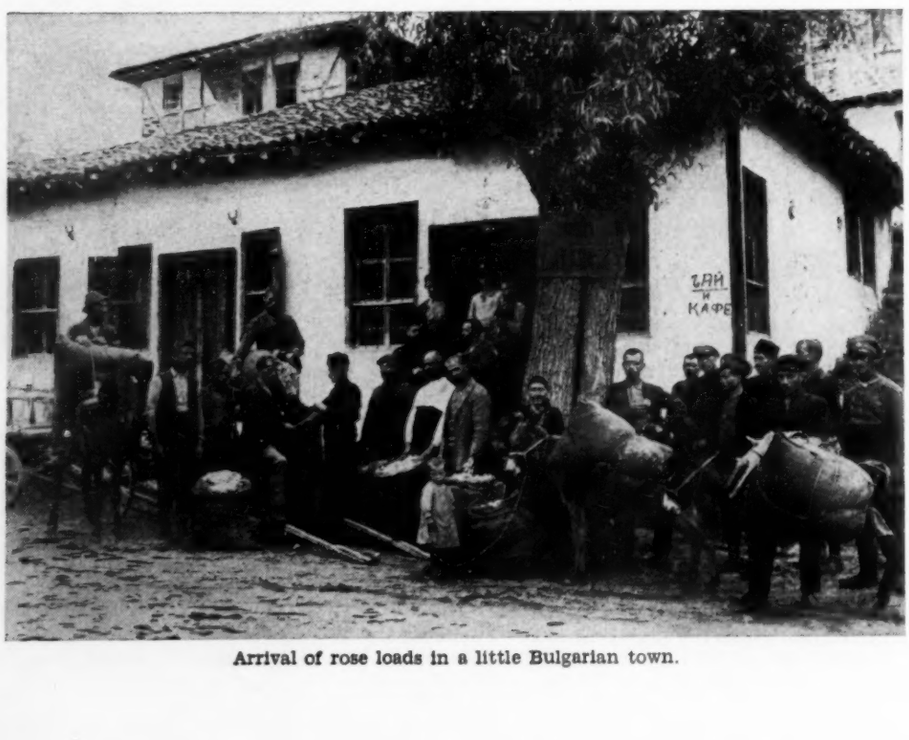
Far Beyond Normal Operations

Characteristically, the billion-mark German dye trust which stands to gain most from expansion of trade in this area has done the best job of carefully investigating the economic structure of southeastern European nations to find out how they could be developed and how Germany, and the chemical industry in particular, might benefit from this development.

I. G. Farben has participated vigorously in carrying out "Grossraumwirtschaft" (continental-economy) plans which require the Balkans to furnish Germany with more foodstuffs, raw materials, oil, and minerals, in return for which they receive from the Reich larger amounts of chemicals, fertilizers, pharmaceuticals, and cosmetics in addition to machinery and technical and engineering services.

In doing this, I. G. Farben has gone *far beyond* the normal operations of an industrial concern and has not only become an instrument for carrying out German policies in this area but sometimes even *formulates* them.

Although the Balkans are relatively unimportant as compared with richer prizes like the Ukraine, they have *grown* in importance under the emergency conditions of recent years. To be sure, German exports of manufactured goods, especially of agricultural machinery, and imports of foodstuffs and petroleum from the Balkans are greater in value than German's exports of finished chemicals and imports of chemical raw materials. Nevertheless, the chemical trade and the Reich's efforts to expand and control the Balkan chemical and the allied petroleum and metallurgical industry—supplementing military pressure—are worthy of careful study even if Germany's gains are only transitory. In World War I Germany occupied a similar position in the Balkans, only to lose it after the 1918 defeat.



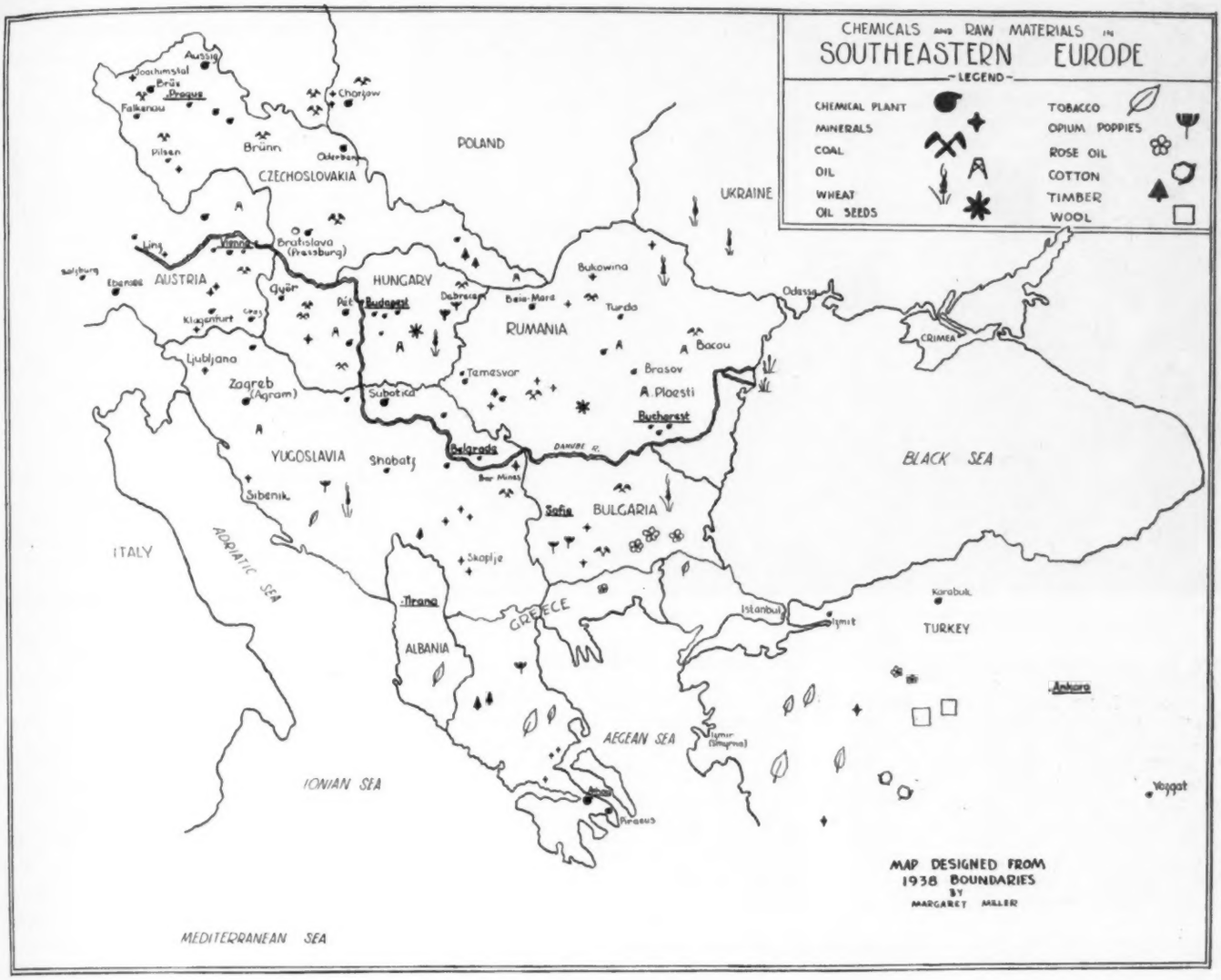
Arrival of rose loads in a little Bulgarian town.

Index of Nazi Plans

The consolidation of Germany's position in southeastern Europe, accelerated since the outbreak of World War II, is an index of Nazi plans to dominate Europe economically and politically in the event of victory. Being virtually cut off from oversea markets and supplies, Balkan countries have become increasingly dependent on Germany since the outbreak of the war. German plans originally prepared for the "post-war" period are already being executed—perhaps only temporarily. For all practical purposes Germany is trying hard to make southeastern Europe an integral part of the Reich's domestic economy. Much of the groundwork has been laid by the "engineering" and trade activities of huge German concerns such as I. G. Farben and the continental cartels which they dominate.

In the chemical field, long-range plans announced by I. G. Farben the middle of 1941 set chemical self-sufficiency for Europe as their ultimate goal. "New order" plans in the chemical field call for eventual complete continental reorganization of the industry, including building new plants in areas best suited by reason of location of raw materials or cheap power or labor.

These include not only Norway, France, and western Europe, but also the Balkans. Yugoslavia, able to build an electrochemical industry on the basis of available water power and labor, is to be the center of the Balkan chemical industry, with Bulgaria, Hungary, Greece, Turkey, and other countries supplying raw materials. In Rumania, a specialized branch is to be built around the mineral and vegetable oils found there.



German Trade Gains

With the exception of (1) French-sponsored attempts in 1936 to build up a Balkan economic entente, (2) the so-called "Centre Économique" with Prague as the hub, and (3) intermittent competition from Italy, Germany had "the green light" in the early stages of its economic penetration of the Balkans. By reason of its geographic location and economic structure, being able to exchange manufactures for raw materials, Germany has of course enjoyed an advantage over competitors in this area for some time.

In the early 30's when the Balkans with their not-too-efficient production of raw materials could not compete with cheaper colonial production on world markets, southeastern Europe's plight was desperate. Germany took advantage of the chance to buy masses of accumulated stocks of foodstuffs, industrial crops, and ores from these countries by barter agreements. Unpaid balances were deliberately piled up so that the countries of southeastern Europe had to import more goods from Germany in order to get a semblance of payment.

In this way, Germany partially offset its own trade losses in western Europe, the United States, and Latin America through increased shipments to Danubian and southeastern Europe. The expansion of Germany's foreign trade with the Balkan countries prior to the outbreak of the present war is shown in table 1.

As table 1 shows, Germany virtually monopolized Bulgarian foreign trade, supplying in 1939 65.5 percent of Bulgaria's imports and taking 67.8 percent of its exports. The greatest increase from 1929 to 1939 is in the case of Rumania, which in 1939 received 56.2 percent of its imports from Germany and sent 49.9 percent of its exports to the Reich. To be sure, much of the apparent growth in value of Balkan trade is due to increased prices. Nevertheless, by 1941 it is estimated that the Balkans as a whole were dependent on the Reich as an export outlet for 70 percent of their exports, and they obtained most of their coal, iron, steel, potash and nitrates, and industrial chemicals from Germany. Germany's share in Hungarian foreign trade in 1940 was stated to be more than 70 percent of both imports and exports.

Chemical Trade With Balkans

In Germany's total trade with the Balkans, chemicals have played an increasingly important role. In the past decade the general economic improvement in southeastern European countries—partly the result of better markets for their agricultural products and partly of their own industrialization—raised chemical requirements of the area considerably. To some extent these needs have been filled by the domestic production of relatively new chemical industries, but the majority of chemicals consumed in the Balkans have to be imported.

Germany's interest in supplying chemicals to the Balkans before and especially since the outbreak of the war is fourfold: first, to counterbalance part of the losses in trade in oversea chemical markets; second, to supply agricultural chemicals to increase food and fodder crops which can be shipped to Germany; third, to send flotation reagents needed to extract more Balkan minerals needed by the Nazi war machine; and fourth, in general to strengthen control of the Balkan markets and try to consolidate Germany's posi-

Pyrethrum-flower gatherers in Dalmatia (Yugoslavia).

tion for post-war years—whether Germany wins or loses.

Imports have been of two general classes: either specialized articles such as pharmaceuticals, cosmetics, or rayon for urban dwellers, or fertilizers and insecticides for agriculture. The lower standard of living, of course, means a relatively smaller demand for the former group of products than would be found in western Europe. The fact that Germany, through barter transactions and intensive sales efforts, coupled with export subsidies (around 1935 it was reported that I. G. Farbenindustrie alone paid from 100,000,000 to 150,000,000 reichsmarks into the Reich's general export subsidy fund) has secured the lion's share of this chemical trade is reflected in table 2.

In 1929 Germany's total chemical exports to a group of six Balkan countries (Bulgaria, Greece, Hungary, Rumania, Turkey, Yugoslavia) amounted to 75,200,000 reichsmarks, equivalent to 4.6 percent of the total German chemical export trade. By 1938 the total had risen to 102,800,000 reichsmarks, corresponding to 13.7 percent of the Reich's total chemical export trade. This was still of course only a small fraction of Germany's total chemical and total export trade. Its importance is more apparent when viewed from the standpoint of Germany's dominant position in the chemical import trade of the respective countries.

Of the total chemical imports of Balkan countries, the Reich supplied a growing share. The greatest relative increase was to Turkey, whose share of total chemical imports received from Germany rose from 22.2 percent in 1929 to 52.9 percent in 1937. Table 3 shows the share of the total chemical imports of the various Balkan countries supplied by Germany.

TABLE 1.—*Germany's Trade With the Balkans*

[Thousands of dollars]

BALKAN IMPORTS FROM GERMANY

Country	1929		1933		1937		1938		1939	
	Value	Percent[1]	Value	Percent[1]	Value	Percent[1]	Value	Percent[1]	Value	Percent[1]
Bulgaria	13,356	22.2	7,502	38.2	34,671	54.8	[2]31,847	52.0	[2]41,187	65.5
Greece	16,117	9.4	5,997	10.2	37,435	27.2	40,111	30.3	29,924	29.9
Hungary	37,169	20.0	13,778	19.6	36,730	26.2	33,700	41.6	45,719	48.6
Rumania	42,808	24.1	16,372	18.6	42,695	28.9	50,601	36.8	91,479	56.2
Turkey	18,842	15.3	11,153	25.5	38,568	42.1	[2]57,024	47.5	[2]47,456	50.8
Yugoslavia	20,910	15.6	6,438	13.1	39,074	32.4	45,317	39.4	51,512	47.7
Total	149,202		61,240		229,173		258,600		307,277	

BALKAN EXPORTS TO GERMANY

Country	1929		1933		1937		1938		1939	
	Value	Percent[3]	Value	Percent[3]	Value	Percent[3]	Value	Percent[3]	Value	Percent[3]
Bulgaria	13,802	29.2	9,145	36.0	27,780	43.1	40,802	58.9	49,754	67.8
Greece	20,822	23.1	6,370	17.9	26,801	31.0	36,479	40.1	20,621	27.5
Hungary	21,197	11.7	9,789	11.2	41,683	24.1	47,100	45.7	58,357	50.1
Rumania	51,001	27.6	11,281	10.9	44,156	19.6	41,806	26.5	95,132	49.7
Turkey	9,900	13.3	10,670	18.9	40,395	36.5	51,205	44.1	37,538	37.
Yugoslavia	11,882	8.5	7,989	13.9	31,391	21.7	48,994	42.0	39,981	31.9
Total	128,604		55,244		212,206		266,386		301,383	

[1] Germany's share, in percent, of total imports of each country.
[2] Includes Austria.
[3] Germany's share, in percent, of total exports of each country.

Source: U. S. Department of Commerce.

TABLE 2.—*Germany's Chemical Export Trade With Balkan Countries*[1]

Country	1929		1934, million marks	1937, million marks	1938	
	Million marks	Percentage[2]			Million marks	Percentage[2]
Bulgaria	4.4	0.3	4.1	8.6	8.3	1.1
Greece	9.5	.6	4.6	14.2	13.9	1.9
Hungary	22.6	1.3	11.2	25.7	26.6	3.5
Rumania	17.8	1.1	17.0	25.3	23.0	3.1
Turkey	[3]5.5	.4	[3]4.4	12.2	14.2	1.9
Yugoslavia	15.4	.9	7.7	17.9	16.8	2.2
Total	75.2	4.6	49.0	103.9	102.8	13.7

[1] Source: "Die Chemische Industrie," July 15, 1939.
[2] Percentage of German's total chemical export trade to all countries.
[3] I. G. Farben estimate for chemical exports in narrower sense.

TABLE 3.—*Share of Total Chemical Imports of Balkan Countries Supplied by Germany*[1]

Country	1929	1934	1936	1937
	Percent	*Percent*	*Percent*	*Percent*
Bulgaria	55.0	59.9	73.6	.....
Greece	27.5	23.5	33.8	37.9
Hungary	39.7	36.4	46.7	47.0
Rumania	.....	35.7	57.7	51.6
Turkey	22.2	36.2	49.7	52.9
Yugoslavia	40.0	35.2	47.4	49.8

[1] Source: "Die Chemische Industrie," July 15, 1939.

In the case of specific chemicals, such as pharmaceuticals, Germany supplied over 60 percent of Turkey's imports in 1937 and 1939. Up to 85 percent of Hungary's imports of fine pharmaceuticals in earlier years was obtained from Germany. Hungary took the largest amount of chemicals from Germany of any of the Balkan countries, as is seen in table 4, which also shows the composition of Balkan import trade in chemicals in 1938 and 1939, according to German trade classifications, which include commodities not always considered as chemicals in this country.

Considerable increases just before the outbreak of the war can be noted, especially in the case of Hungary whose chemical imports from the Reich rose from 41,500,000 reichsmarks in 1938 to 54,760,000 in 1939. From table 4 it will

TABLE 4.—*Composition of Balkan Countries' Import Trade in Chemicals and Allied Products*

[Millions of reichsmarks]

Commodity group	Bulgaria 1938	Hungary		Rumania		Yugoslavia	
		1938	1939	1938	1939	1938	1939
Heavy chemicals	4.84	9.89	10.67	4.69	5.24	3.14	3.17
Fertilizers	.16	.03	.40	.18	.35	.23	.31
Tar dyes	2.69	7.57	10.70	5.15	5.90	4.02	4.35
Mineral pigments, paints	.61	1.47	1.82	1.39	.86	1.68	1.89
Varnishes, lacquers, putties	.12	.37	.43	.14	.18	.13	.13
Explosives, pyrotechnics	.64	.35	.21	.46	.70	.54	.14
Pharmaceuticals	3.05	2.60	3.22	5.19	5.85	2.94	3.69
Ethers, oils, synth. aromatics	.18	1.04	1.14	.78	.94	.54	.76
Cosmetics	.01	.11	.13	.04	.02	.27	.23
Soaps and detergents	.16	.02	.02			.02	.02
Glue and gelatine	.03	.29	.36	.02	.04	.12	.11
Tanning extracts	.93	1.51	2.66	2.61	2.49	.79	.73
Rayon	.10	7.70	12.97	2.06	2.25	4.74	5.54
Molded plastics	.10	1.15	1.45	.60	.52	.16	.19
Other plastics	.12	.40	.55	.49	.42	.27	.39
Photographic chemicals	.36	2.31	2.43	1.12	1.42	1.48	2.09
Insecticides				.23	.36		
Rubber goods	1.18	1.65	2.04	3.86	3.62	2.98	3.01
Wax and stearin products	.09	.14	.23	.24	.30	.20	.23
Tar products	.86	2.06	2.14	.45	.79	1.95	1.37
Ferro-alloys				.94	.89	.15	.01
Miscellaneous chemical products	.40	.84	1.19	.18	.13	1.91	2.07
Total	16.63	41.50	54.76	30.82	33.27	28.26	31.99

Source: "Die Chemische Industrie."

be seen that heavy chemicals, dyes, pharmaceuticals, and synthetic fibers are the chief import items.

Balkan Shipments to Germany

The chemical trade of the Balkans is not all in one direction. Southeastern Europe is an important source of supply for Germany of such chemical raw materials as oil-bearing seeds (soya and castor bean, sunflower, rape, lupine, linseed, and others); poppies for opium and alkaloids; nicotine, pyrethrum flowers for insecticides; medicinal herbs and botanicals, peppermint leaves, camomile flowers, wild rose hips; aromatic oils, especially rose oil and peppermint oil; petroleum and carbon black from natural gases; cellulose and wood distillation products; turpentine and gum rosins and glue.

On a modest scale, the Reich economic planners are encouraging industrialization, such as the establishment of a textile industry in the Balkans—about 80 percent of Balkan textile imports were supplied by Germany and Italy in 1941—which, in turn, would require increased dyestuffs, detergents and finishes; a leather industry which would need more synthetic tanning and other chemical materials. If the general standard of living could be raised, increased trade in pharmaceuticals, cosmetics, paints, lacquers, plastics, and related articles is also anticipated—presumably to be supplied almost exclusively by the German chemical industry.

One hitch in plans to expand German chemical export trade to the Balkans, aside from transport difficulties, is the shortage of some of the chemicals in the Reich itself. To avoid having to export scarce products, Germany is encouraging Balkan domestic production of some chemicals. However, through various means the Reich and the German chemical industry have managed to obtain a large measure of influence over the Balkan production of chemical raw materials and finished chemicals, even when Germans do not have outright financial control.

Financial Control

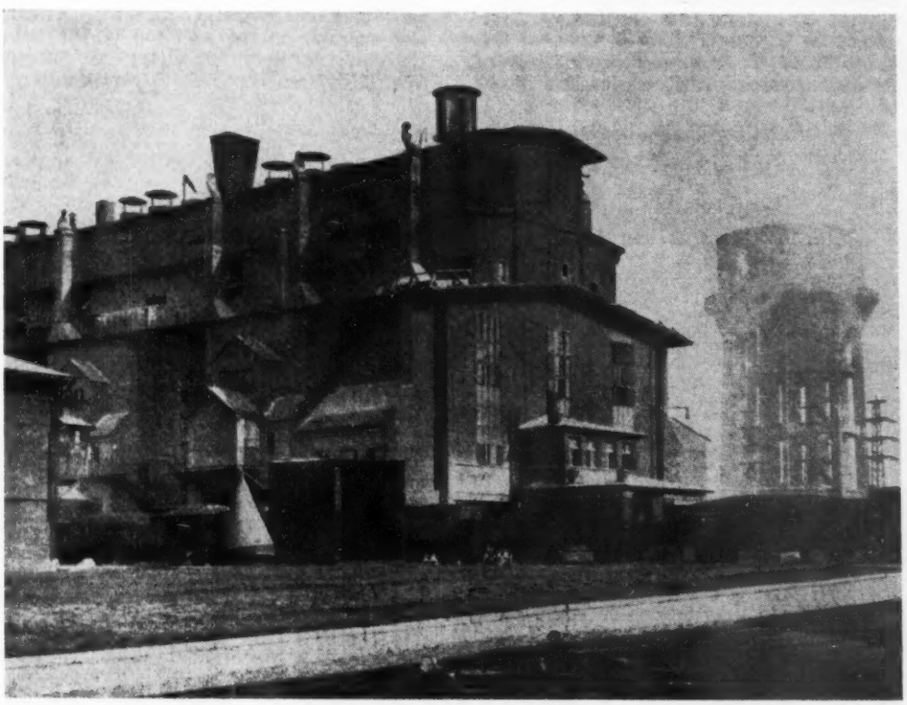
Any study of the control of the chemical industry of the Balkans—by which is generally meant Hungary, Bulgaria, Yugoslavia, and Rumania, and sometimes Greece and Turkey—must also take into account the Austrian and Czechoslovak industry which at an earlier date played a decisive role in the trade and establishment of new industries to the southeast. The establishment of chemical industries in Danubian and southeastern European countries has followed a fairly well-defined historical and financial pattern. As new plants have been set up in the east under the auspices of western parent companies, financial control has generally ascended progressively up the Danube River.

How this has simplified German control in the Balkans since the outbreak of the war—in spite of the fact that Germany probably had less capital directly invested in Balkan companies than Britain, France, or Belgium—is illustrated by the following examples.

Through the "Anschluss" of Austria in 1938, Germany not only acquired Austria's own chemical plants but also Austria's foreign trade and interests in Balkan enterprises. Austrian capital dated back to the original establishment of many enterprises such as the Aussig Verein for Chemical and Metallurgical Production in the area that later became Czechoslovakia, and, even though these were largely taken over after World War I by Prague banking concerns, Austrian capital even in post-war years was still interested, especially in the Vitkowitz metallurgical and coal-tar companies of Czechoslovakia.

Role of Bohemia's Industries

When Germany took over the Sudetenlands in October 1938, she not only gained physical control of about 40 percent of Czechoslovakia's chemical industry and it foreign trade, but, by acquiring the Aussiger Verein, large Czechoslovak chemical combine, in which Germany's I. G. Farbenindustrie and the Belgium Solvay Company already had an undisclosed interest, the Reich at the same time gained control of the Aussiger Verein's participation in various chemical



Department of the Chorzow nitrates factory in Poland.

undertakings in southeastern European countries. The capacity of Austrian and Czech plants taken over by the Reich added approximately 400,000,000 to 500,000,000 reichsmarks to Germany's total chemical output, in the broader sense.

Contrary to popular belief that many of Czechoslovakia's industrial enterprises were only set up after World War I, the industries of Bohemia, in a way the fountain-head of Balkan industries and markets, were among the oldest in Europe. In fact, the oldest chemical plant in all Europe was set up in Bohemia in the sixteenth century to manufacture fuming Bohemian sulfuric acid by heating pyrite in much the same manner as the earlier alchemists had done. This same plant was in the continuous possession of the Johann David Starck Co. from its beginnings until only recently when the firm merged with the Industrial & Mining & Smelting Co. of Czechoslovakia.

The "Aussiger Verein"

In 1850 the Belgian Leblanc soda process was already introduced in Bohemia to furnish soda ash for the prosperous industries built up around mountain sources of water power, and this was followed shortly by the establishment of the Aussiger Verein, taking its name from Aussig (Usti) in northwestern Bohemia. The Aussiger Verein was in a way the Bohemian counterpart of the I. G. dye trust set up three-quarters of a century later in Germany.

The Aussiger Verein (Verein für Chemische und Metallurgische Produktion, or Union for Chemical and Metallurgical Production), established in 1857 with main offices in Vienna, joined forces at an early date with the Belgian Solvay Company and before the war had an interest in a number of chemical plants established in Poland, Rumania, Yugoslavia, Hungary, and Germany. Even after the World War when most of the subsidiaries of foreign companies were nationalized, the Aussiger Verein still retained an interest in leading Hungarian and Yugoslav chemical industries.

Through cartel arrangements relating to the production and manufacture of specialized chemicals it operated in cooperation with I. G. Farbenindustrie. In recent years the Czechoslovak chemical industry, for instance, participated in 150 cartels, 50 of these being international in scope.

Through complex financial transactions, the Aussiger Verein, in addition to its other interests, built up its control in nitrogen and explosives plants in Czechoslovakia and thereby became associated with the Slovak branch of Dynamit Nobel, international explosives concern which is also closely allied with I. G. Farbenindustrie. Within the past 3 years the Aussiger Verein as well as the Slovak Dynamit Nobel group have been used by Germany to obtain further control of the chemical industry in Balkan countries.

Clever Manipulations

Complex financial transactions have been carried out by leading German banks which have gained control of important banks with industrial holdings in occupied territories. Foreign investments of British, French, Belgian, Dutch, and American companies have also been acquired. In the case of companies that were formerly owned by the State in occupied territory, the German Government has often taken over direct control and assigned supervision of operations to well-known German firms.

This has simplified German control of the Balkans since the outbreak of the war, even though Germany formerly often had less capital directly invested in Balkan companies than other powers. Since many of the recent changes have been accomplished by force, they would not hold legally after the war. Again, the example might be cited of the Rumanian petroleum industry in World War I. When the Central Powers occupied Rumania as well as the Russian Ukraine, Germans took over physical and financial control, but were completely ousted at the end of the war.

Cartel Membership Helps

Another factor facilitating German control of the Balkan and Danubian industries is their former membership in cartel arrangements, as already mentioned in the case of Czechoslovakia. At the end of the World War when new boundaries were drawn in countries like Czechoslovakia, Austria, and Yugoslavia, the capacity of some of the plants set up before World War I, designed to supply much larger markets, turned out to be excessive. The only way some companies could continue profitable operations was either to reorganize and curtail their production, or, if they wished to trade in foreign markets, to join the international cartels, usually dominated by Germany, chiefly through I. G. Farbenindustrie.

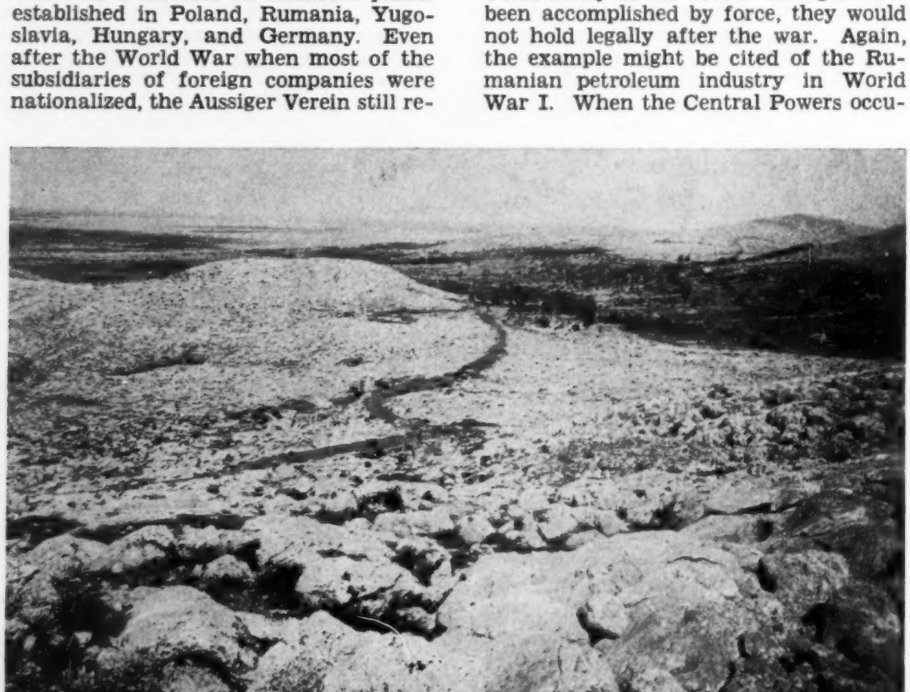
This was done by producers of specialized chemicals, and the fact that the Balkan industries were usually the smaller partners forced them to accept the domination of the larger members. Furthermore, the larger cartel members often were part owners in the smaller country's chemical industries. The existence of these cartels has made Germany's chemical industry more familiar with Balkan operations, and has made complete control easier.

Germany has always fostered the idea of cartels in Europe. In 1914, of 114 cartels, the two largest groups were in the chemical field with 19, and coal, ores, and metal, which were represented by 22 separate cartels. By 1928, 12 new chemical cartels had been formed, the most notable being in the potash field.

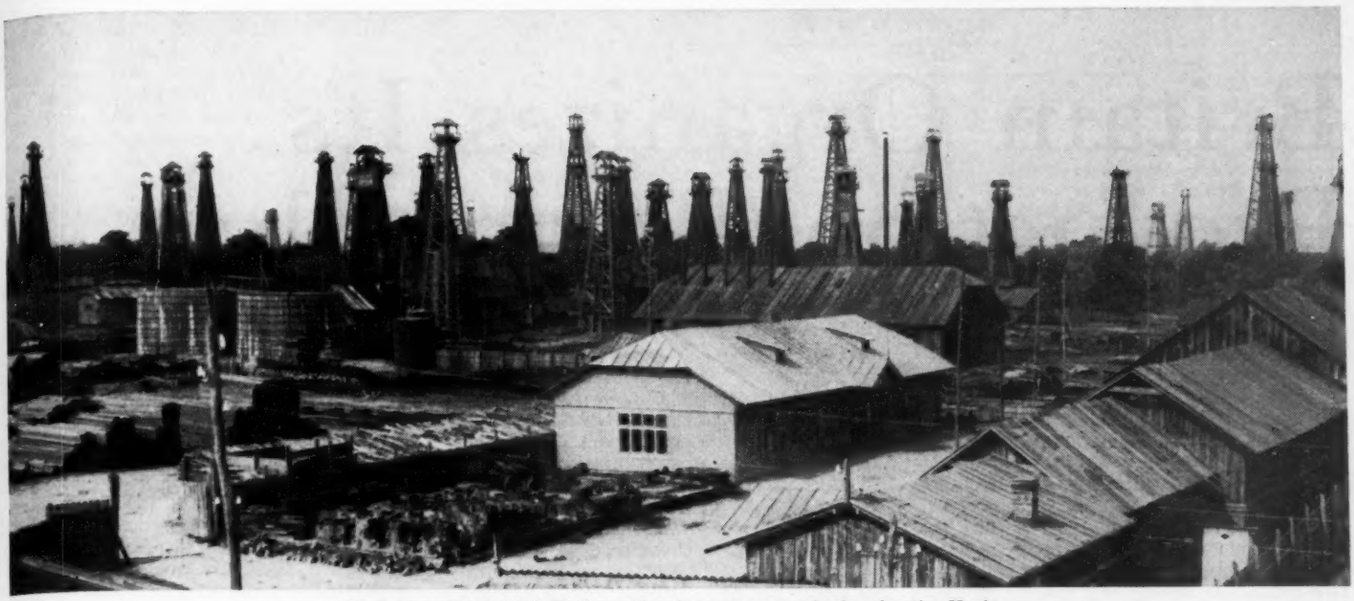
Although designed more for industrialized western Europe—Danubian industries are included in the periphery—cartels regulating production and prices and assigning market quotas have been reorganized and renewed in many fields. Cartels are playing an important part in German continental economic plans, and large corporations such as I. G. Farbenindustrie, through long membership and leadership in cartels, are utilizing their position to best advantage.

Licensing

The early plants established closest to western Europe were operated under licenses and patent control, especially to such interests as the Belgian Solvay Company (which has long had an undisclosed interest in and has cooperated with I. G. Farben) for such products as soda ash and alkalies. In more recent years Germany has obtained influence in the industries in eastern Europe through licensing, for instance, the Buna processes for making rubber, the Fischer-Tropsch and Bergius processes for making motor fuels from coal, various staple fiber processes (although rayon has heretofore been chiefly imported into this area, nitrogen fixation processes, processes of making aluminum and magnesium, and most recently processes for treating low-grade iron and copper ores.



Bauxite fields in a typical "karst" region of Yugoslavia.



Oil field in Rumania's Prahova Province—now producing for the Nazis.

Engineering Advice

In setting up plants using these new processes it has often been necessary to send German engineers to supervise construction and initial operations. In this way Germany has had an advantage in being thoroughly familiar with many of the newer plants in Danubian and southeastern Europe. Germany has often gained an additional competitive advantage by sending technical advisers free of charge. These technicians are in a position to encourage the further importation of German goods and machinery.

By withholding small but vital parts of machinery, essential chemicals or catalysts, or parts of secret processes, German engineers or the German Government are able very effectively to control and industry in a less developed area—with or without having financial ownership. The infiltration tactics of German engineers in areas that later formed an objective of the Reich army has been much publicized.

Recently both I. G. Farbenindustrie and the Siemens electric concern have set up new well-staffed offices of salesmen and engineers in Turkey.

Barter and Trade Agreements

Barter transactions and trade agreements gave Germans a great advantage over competitors who had to be paid in free foreign currencies which most of the Balkans did not possess. Briefly, the process involved Germany's acquiring imports from Balkan countries in return for which they had to import German goods or accept payments in reichsmarks which had little value outside Germany. Chemicals have always played an important role as a foreign-trade weapon in southeastern Europe. Balkan countries are predominantly agricultural and, in spite of recently established chemical industries, are still largely dependent on imports, especially of finer chemicals.

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I. G. Farbenindustrie went far beyond the usual functions of a chemical enterprise when around 1935 it undertook the organization, for instance, of oil-seed production in Rumania and Bulgaria. Seeds were offered to farmers of Bulgaria, Rumania, and Greece on a credit basis, experienced German agronomists taught the natives how to handle new crops such as soybeans and flax and agreed to buy the entire crop at prearranged prices, sometimes above the world market prices. Through furnishing technical advice, seeds, fertilizers, and insecticides, I. G. was thus able to expand its market, and, through setting up the "Solagra" concern, obtained the right to export Rumanian oil-seed production exclusively to Germany.

In the industrial field, advantage was also taken of a Rumanian law of 1936 granting a protective monopoly for a limited period to new industrial enterprises previously not found in the country. I. G. Farbenindustrie acquired in August 1937 the I. C. A. (Alba) factory in Bucharest to manufacture anilin dyes, and thereby was able to exclude competitors.

Dependency of the Balkans

Through the methods outlined above Germany has been able to obtain a large share of the markets and control of industries in southeastern Europe.

In the 20's and early 30's various Balkan governments tried to gain firmer control of industries located within their borders by nationalizing the concerns and trying to eliminate foreign capital where possible. This was difficult in view of their own limited financial means.

Hopes were entertained for a while that the Balkan Entente under the leadership of Prague would be able to organize southeastern Europe into a unit strong enough to resist German encroachment. Under this plan, industrialized Czechoslovakia was to supply manufactured products and engineering skill to the industrially less developed eastern partners, Yugoslavia and Rumania, who were to furnish raw materials. This represented an economic unit reminiscent of the old Austria-Hungarian Empire with the difference that leadership was assigned to Czechoslovakia instead of Austria.

Plans for Shift Not Realized

In Czechoslovakia a serious attempt had been made to shift the physical basis of production in the Czech chemical industry from the Sudetenland, adjoining the German border, to safer, loyal, Czech-inhabited areas. Bata, well-known Czech shoe-manufacturing concern, was hoping at one time to set up an independent Czech chemical industry in interior and eastern areas. In fact, in 1935 a delegation representing the Czech chemical industry made a study-trip to the United States hoping to obtain United States cooperation for such a plan. However, such a shift was never completely accomplished in the Czechoslovak chemical industry.

Control in Occupied Territory

After the Reich had annexed the Sudetenlands, the holdings of the Aussiger Verein in the Sudetic area were reorganized in March 1939 into the Chemische Werke Aussig-Falkenau G m. b. H., with headquarters in Dresden. The new concern is now controlled by I. G. Farbenindustrie and the Chemische Fabrik von Heyden A. G. The part remaining in Czechoslovak territory was merged with "Solo" Match and Chemical Works, formerly part of the Swedish Kreuger trust.

In the slice of the Olsa Silesian region taken by Poland in the Autumn of 1938 there were 15 chemical establishments employing 1,000 workers, including the Oderberg Chemical Works and a number of coke plants. Since this area has in the meantime been taken by Germany

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Britain Organizes Its Production Regionally

By KATHLEEN O. HORTON, *Department of Commerce*

ECONOMIC MOBILIZATION of a country for war is a highly complex task. In the process of changing over from a peacetime to a wartime economy, a government must necessarily undertake control of many economic processes which in times of peace can be left to function according to natural economic laws. It must control prices; allocate raw materials, labor, and machines; restrict consumption; ration scarce commodities; concentrate production and distribution; and control imports and exports. Such a range of controls necessitates vast administrative machinery, and the efficient organization of this machinery is an important element in the prosecution of the war.

Regional Lines Most Suitable

A development of note in the organization of Britain's wartime controls has been the use of regional divisions as areas of control. The cornerstone of regional organization was laid some time before the war began, when commissioners were appointed to coordinate the civil defense services in 12 regions.[1] These commissioners planned a sort of "shadow government" in each region to take control should government from London ever be temporarily suspended because of air raids or attempted invasion.

As new and urgent Government services and controls—made necessary by the war—were instituted, it was found most convenient and expedient to organize them on these same regional lines. The local machinery set up by the Ministry of Supply was organized on a regional basis. The Ministry of Food controllers were made regional officials, as were also those of the Fuel Ministry. Regional organization was found suitable for most wartime administrative functions—its growth was rapid, and it was regarded as necessary, as well as being an improvement in administrative technique.

Changing Authorities

Official sources give January 1940 as the date the regional boards were set up under the authority and control of the Ministry of Supply. In May of the same year they were transferred to the Ministry of Labor. Later they were returned to the Ministry of Supply for a short period. They were next under the direction of the Industrial Capacity Committee, which was a subcommittee of the Production Executive. The Production Executive has also been known as the Production Council and was a War Cabinet committee formed to deal with the whole range of production problems and to assist in the coordination of various labor problems.

In July 1941, the Production Executive—in response to the widespread clamor for improvement in the operation of the regional boards which preceded each previous change of control—placed the boards directly under its own jurisdiction. The Production Executive increased the membership of each board to include (in addition to the three employers and three labor nominees) local representatives of the Admiralty, the Board of Trade, the Ministries of Aircraft Production, Labor, and Supply, the Emergency Repair Organization of the Ministry of Works and Buildings, the Regional Transport Commission, the Raw Materials Department of the Ministry of Supply, and the chairman of the Machine Tool Regional Committee. The chairman and vice-chairman of each board were selected from among the industrial members, one representing labor and one representing the employers.

Contact was established between the regional boards and the regional defense commissioners so as to have coordinated plans in the event of a state of emergency.

Scope of Boards' Functions

Each time a change of control was effected, an attempt was made to remedy some of the weaknesses of the organization. When the boards were transferred to the Production Executive, their functions were increased, but their duties were still mainly advisory except where power was delegated to them in a particular case. Their total functions, in theory at least, were now very imposing.

They were to coordinate the efforts of all the Government officials in the region in connection with the production of essential goods. They were to provide for the exchange of information between the ministries and the service departments. They were to settle by agreement all local difficulties likely to delay output, and to inform headquarters of any proposal to develop new capacity in the region and of adjustments of difficulties over priority of contracts.

Purpose: Higher Efficiency

The boards, together with the regional officers were to suggest remedial action in regard to firms overloaded with a multiplicity of contracts let to them by separate production departments of ministries or with subcontracts undertaken in excess of what they could deliver by a required date. They were to maintain close touch with the Board of Trade representative regarding local incidence of the policy of concentration of industry. Difficulties regarding raw materials were to be brought to the attention of local representatives of the Ministry of Supply, the Raw Materials Department, and the Controls. Solution of these difficulties was to be effected by consultation.

The boards were to cooperate with the Ministry of Labor and National Service in connection with difficulties of labor supply and training, and in the application of the Essential Work Order. They were to bring to notice any transport difficulties; to advise the Regional Controller of Factory and Storage Accommodations on problems of providing and allocating factory accommodations; and were to set up capacity clearing centers where necessary.

Boards' Lack of Authority

It was generally felt that the regional boards were unable effectively to carry out the imposing list of duties and functions assigned to them. They were unable to secure the coordination of the efforts of Government officials. Their failure was due to lack of authority and lack of definite status. Weakness in the regional organization was caused by weakness at the center. No single minister was charged with the duty of supervising and concerting the activities of the supply ministries (that is, the Ministry of Supply, the Admiralty, and the Ministry of Aircraft Production).

It was impossible to devolve on the regional boards power that did not exist even at the center. Different ministries and even different departments within a ministry would compete in placing contracts with the same industries, and each would demand that its orders receive primary attention.

[1] The number of regions has since been reduced to 11.

As a result, a few large firms were overloaded with orders they could not possibly handle, whereas many small firms whose aggregate capacity was very large were left comparatively idle. Obviously, the system could not call forth or utilize the complete productive power of the country.

Government Criticism

For almost 2 years Parliament had been debating the problems of production and of the regional boards, realizing that the trouble was not due altogether to the organization of the boards but in part to the central organization of production. The subject was debated again in January of this year. The debate once more emphasized the need for the delegation of more authority to the regional production boards—and for an avoidance of the scramble among Government departments for priorities, with no designated person either to impose responsibility or to accept it.

Soon thereafter Lord Beaverbrook was appointed Minister of Production, "with prime responsibility for all war production in accordance with the policy of the Minister of Defense and the War Cabinet . . . excepting only those (duties) relating to manpower and labor."

Citrine Committee

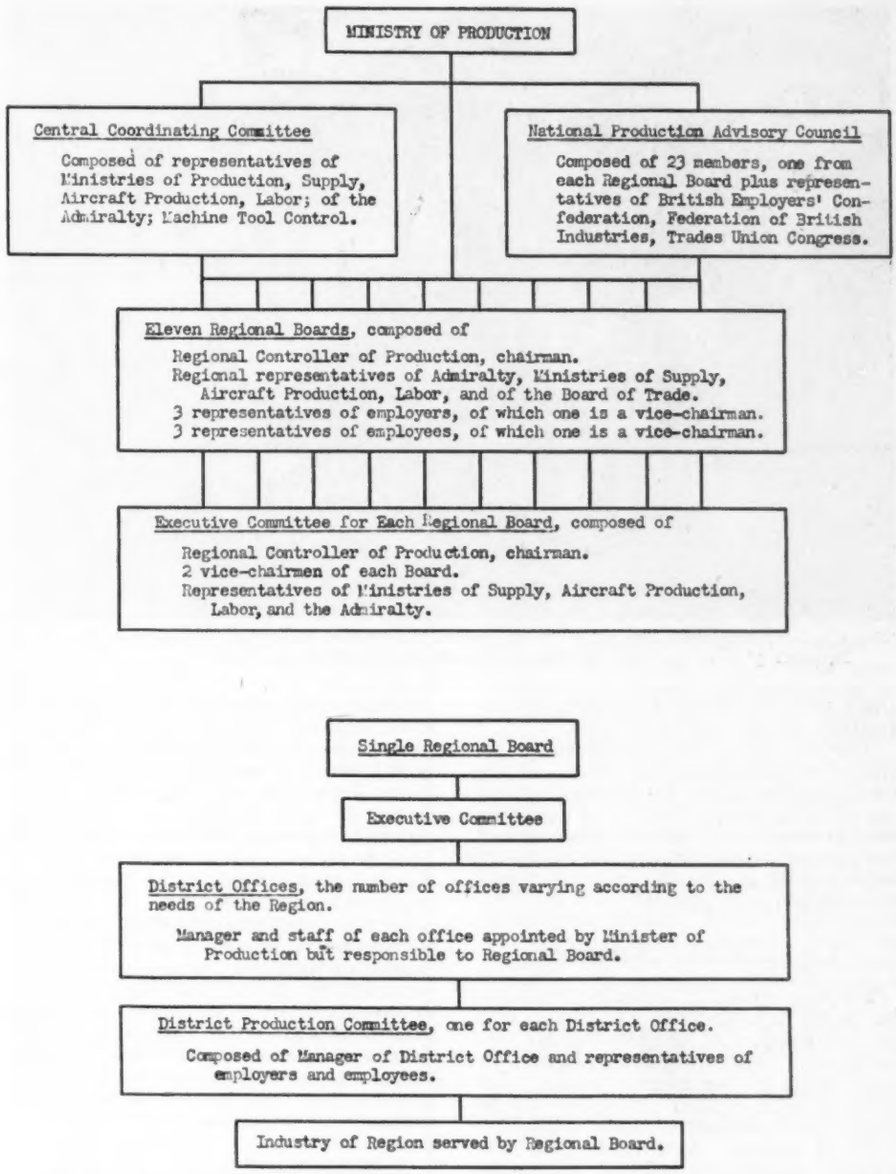
Lord Beaverbrook, during the brief period that he was Minister, appointed a committee, under the chairmanship of Sir Walter Citrine, "to examine the present constitution and functions of the Production Executive's regional boards and of the Joint Central Advisory Committee to the Production Executive and to make recommendations as to any changes in these matters that may appear necessary and desirable."

The Citrine Committee presented its report on May 1, 1942, and on May 19 Sir Oliver Lyttelton, the new Minister of Production, officially accepted all its main provisions and began to take steps to put the plan in operation.

Constitution of Boards

The boards, as recommended in the Citrine report, are now composed of the regional controller of production (chairman); the regional representatives of the Admiralty, Ministry of Supply, and Ministry of Aircraft Production; the regional controller of the Ministry of Labor and National Service; the regional representative of the Board of Trade; three members representing employers; and three members representing workers. The Minister of Production appoints two vice-chairmen to each board—one from the employer members and one from the employee members.

An executive committee, headed by the regional controller, directs the work of each board. The Citrine report proposed that the committees should be composed of the regional controller, the two vice-chairmen, and representatives of the three Supply Ministries and the Ministry of Labor. The Government's


MINISTRY OF PRODUCTION
Central Coordinating Committee
Composed of representatives of Ministries of Production, Supply, Aircraft Production, Labor; of the Admiralty; Machine Tool Control.
National Production Advisory Council
Composed of 23 members, one from each Regional Board plus representatives of British Employers' Confederation, Federation of British Industries, Trades Union Congress.
Eleven Regional Boards, composed of
Regional Controller of Production, chairman.
Regional representatives of Admiralty, Ministries of Supply, Aircraft Production, Labor, and of the Board of Trade.
3 representatives of employers, of which one is a vice-chairman.
3 representatives of employees, of which one is a vice-chairman.
Executive Committee for Each Regional Board, composed of
Regional Controller of Production, chairman.
2 vice-chairmen of each Board.
Representatives of Ministries of Supply, Aircraft Production, Labor, and the Admiralty.
Single Regional Board
Executive Committee
District Offices, the number of offices varying according to the needs of the Region.
Manager and staff of each office appointed by Minister of Production but responsible to Regional Board.
District Production Committee, one for each District Office.
Composed of Manager of District Office and representatives of employers and employees.
Industry of Region served by Regional Board.

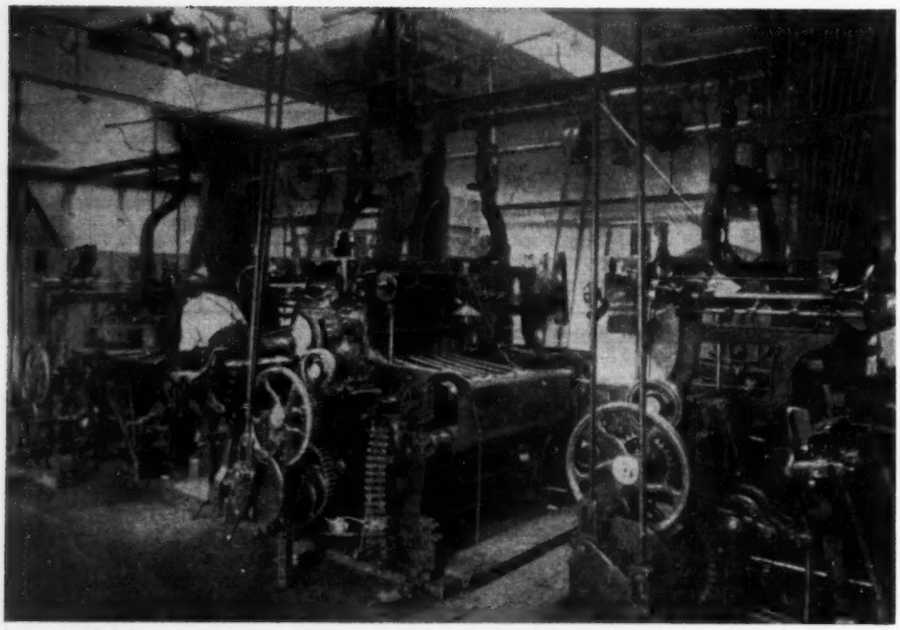
first view of this proposal was that the executive committees should consist only of officials, thereby denying representation on the committees to industry—but later, in response to representations from the national organizations of the employers and the unions, it decided to follow the plan recommended.

The regional boards meet at least once a month, and the executive committees meet at least weekly. The committees report their decisions regularly to their regional boards. Since the committees meet much more frequently than the boards, it is possible that most of the work of the boards is done by the executive committees.

Regional Controllers

In the belief that an efficient regional organization is an essential element in the successful prosecution of the war, a prerequisite to which is a properly articulated system of devolution of executive authority, the Citrine report recommended that, just as the Minister of Production is charged with the duty of concerting and supervising the activities of the supply ministries at the center, so there should be in each region a representative of the Minister with the duty of concerting and supervising the activities of the regional controllers of the supply departments. This representative of the Minister was to be known as the regional controller (Ministry of Production).

Mr. Lyttelton announced the names of his regional controllers at the beginning of July of this year. Their duties are to harmonize and supervise the activities of the regional controllers of the three supply departments. They must necessarily be men of wide industrial experience and sufficient local knowledge to apply that experience to local conditions. In general the appointments were well received, though there were some complaints by trade unionists that



This English textile mill, like other industries in the United Kingdom, is today embraced in Britain's plan of regional organization for wartime efficiency.

there were too many prominent industrialists among the controllers.

The success of each controller in his region will determine the success of the whole scheme. Since his standing among the regional representatives of the other ministries is simply "primus inter pares," his authority and influence on the board will depend largely on his individual forcefulness and prestige.

Coordinating Activities

The supply ministries remain responsible to the War Cabinet and Parliament for the conduct of their respective departments. Therefore, the members of their staffs in the regions retain their right to refer to their ministers, and in cases of serious disagreements, retain the right of appeal. As Chairman of the regional board, the regional controller coordinates the activities of the supply ministries and others concerned with production in the region. Reference to headquarters is expected to be the exception rather than the rule.

The regional controller has the power to determine, after discussion with the executive committee, or, if necessary, with the board, and within the framework of the general or special priorities or allocations laid down centrally, all disputed questions affecting the local allocation of machine tools, premises, raw materials, and labor. In the allocation of labor, the regional director of production and the regional controller of the Ministry of Labor and National Service act jointly.

Placing Contracts

In accordance with the Citrine Committee's recommendation, the supply departments inform the regional boards of all the contracts which they place directly with industry and, where possible, of substantial changes contemplated in programs for the regions. In the past, the boards did not have this information, and it was only possible for them to perform a part of their functions. They collected and maintained up-to-date information about available capacity, but they were not able to see that this information was used to the best advantage, so long as the supply departments were placing contracts without their advice. Contracts were placed with overloaded or unsuitable firms. Other firms were left idle because of failure to place follow-up orders in adequate time. Now that boards are made aware of contracts placed, they can indicate where conditions are most favorable for new contracts. They can also advise on the adjustment of difficulties over priority.

New Functions Assigned

Two additional functions were assigned to the boards when they were reorganized in July. It was recommended that the supply ministries should—at an early stage in the development of schemes for the creation of new capacity or large extensions to existing capacity—allow the regional boards to advise on the local aspects of such schemes. It was also recommended that the regional controller or his appointed representative should have the right to enter and inspect any firm engaged in production in the region.

A complaint often heard before the reorganization of the boards was that there were too many searchers of capacity from different ordering departments and from some of the main contractors. This led to a great deal of unwise and uneconomic competition.

In one area in England—which is responsible for about a quarter of the engineering output—there are more than 2,000 firms having staffs of less than 5, and only 300 firms with staffs of over 200. All contracts in such an area should be placed under the supervision of a regional organization which knows the capacity of every manufacturer in the area. In this way a great deal of unnecessary delay and confusion can be avoided.

District Offices

An agency proposed by the Citrine Committee to aid the regional board in maintaining close and intimate contacts with individual firms is the district office. Boards are to form district offices wherever they appear to be necessary. The close contacts which a district organization builds up with local industry are of great importance. Therefore, the district must in all cases be small enough to encourage personal contact. The manager of the district office and his staff are appointed by the Minister of Production. The staff of the district office forms a part of the staff of the regional organization for which the regional controller is responsible.

District Committees

To insure close liaison with local industry, a district production committee, appointed by the Minister of Production, representing workers and employers, is associated with each district office. The district production committee elects its own chairman and vice-chairman, one from each side of the committee, and the manager of the district office is a member of the committee. To begin with, the scheme has applied only to engineering and allied industries.

District production committees consider any questions referred to them by the regional offices or the district offices. They attempt to solve any problems likely to affect production in the districts, and report to the regional boards the action taken. Any problems which they are unable to solve are referred to the regional boards with recommendations for action to be taken.

Capacity Exchange

The district office acts as a production clearing center for its district. It has records containing information about the current use of productive capacity in the area, so as to enable the distribution of new work to be planned effectively, both as regards main contracts and subcontracts, and in order to insure the highest possible efficiency in the use of labor, plant, and floor space. The duties of the district office really develop from those of the capacity clearing centers (mentioned earlier in this report) whose work it has now taken over.

These capacity clearing centers have been successful in a number of regions since the first year the boards were organized. They have insured the fullest use of all available capacity by bringing firms needing additional capacity into contact with firms having spare capacity. They have been responsible for thousands of contacts between firms, and it is worth

(Continued on p. 35)

Financing U.S. Exports Under War Conditions

The Export-Import Bank's New Plan

Prior to his departure for Spain and Portugal on a short conference trip, Mr. Warren Lee Pierson, President of the Export-Import Bank, provided the National Foreign Trade Council Inc. of New York with the following summary of the Bank's plan for financing United States exports to the other American Republics under war conditions:

The delays and uncertainties of wartime shipping have created a situation in which many United States exporters and their customers abroad find it extremely difficult to arrange their transactions on a mutually satisfactory basis. The exporter, not knowing when shipping space will be available, frequently feels obliged to ask for payment when the goods are *ready* for export. The importer, having no certainty of delivery, is naturally reluctant to pay until the goods have reached *his* port.

Special Export-Credit Plan

To meet this situation, the Export-Import Bank of Washington has put into effect a special export credit plan of which the following are the salient features:

1. Regardless of shipping space, the exporter receives payment by sight draft against letter of credit when the goods are *produced*, ready for export.

2. The importer pays for the goods only if they arrive at the port of discharge within a specified period from the date of payment to the exporter under the letter of credit.

As explained in the following paragraphs, the plan operates through the usual commercial banking channels in the United States and the importing country. For additional information, exporters may address Export-Import Bank of Washington, 811 Vermont Avenue NW., Washington, D. C., and importers may direct inquiries to the Central Banks of their respective countries.

Plan's Scope and Purpose

The plan covers exports from the United States to any other country in the Western Hemisphere in which banks have made the necessary arrangements with the Export-Import Bank. It is limited, however, to United States industrial, agricultural, and other products essential to the economy of the importing country or to the development of its resources. It does not cover products for exportation from or resale for use outside the importing country.

The purpose of the plan is not to take the place of the established commercial banking facilities of the United States or the importing country but merely to supplement these facilities by relieving both the exporter and the importer of certain burdens created by the war. Neither the exporter nor the importer has any direct dealings with the Export-Import Bank.

Excerpt from an Address by Mr. Wayne C. Taylor, Under Secretary of Commerce, National Foreign Trade Convention, Boston, Mass., October 7, 1942.

". . . The men in our expeditionary forces are being exposed to many things besides danger. If we are fortunate enough to defeat the Axis with expeditionary forces of only half the number of men called to service we will have a major segment of our active male population equipped with first-hand knowledge of many other lands. Their opinions, as yet unformed, will play a major part in any pattern of the future.

"Many of these men come from your own organizations, your own cities, your own families. While they share with you patriotism and the burning urge to perpetuate our way of life, they share with each other a *special* feeling. They may not always tell us so, but deep in their hearts they know that the older generations of men and women who have been managing matters have bungled tragically and completely. I can assure you that they will neither be guided by precedents of history nor by precepts from elders who failed to avert the present catastrophe.

"But I can also assure you that they will bring to bear a freshness of approach, a belief that truly great things are possible, which only victors acquire. Working side by side with them you veterans of foreign trade will find the answers to questions which now perplex and sorely trouble all peoples. May your collaboration start soon."

Method of Operation

Through the facilities of a bank in the importing country, the importer causes a letter of credit to be issued in favor of the exporter by a correspondent bank in the United States. This letter of credit may provide for payment to the exporter by sight draft at any stage of the transaction after the goods have been boxed or otherwise made ready for ocean shipment. The exporter must, however, obtain the necessary export license.

When the exporter has been paid, the correspondent bank makes arrangements for forwarding the goods, acting either through the exporter or an independent forwarding broker. If the goods arrive at the port of discharge within 4 months, payment must be made within the additional period specified by the importer's bank when it opens the credit. If the goods are delayed beyond 4 months, the importer may instruct his bank either to extend the time or to refuse delivery. If delivery is refused for this reason, neither the importer nor his bank has any further obligation.

Some Questions and Answers

Through what bank may the importer open the letter of credit?

Through any bank in the importer's country which has entered into the necessary agreement with the Export-Import Bank. The Central Bank of the importer's country will have information on this point.

To what bank does the exporter look for payment?

To the United States correspondent bank of the importer's bank which has been selected by the latter to handle the transaction. By agreement, the United States correspondent bank acts as the agent of the Export-Import Bank in issuing the credit.

Who may be the beneficiary of a letter of credit?

Any United States exporter.

(Continued on p. 36)

News by COUNTRIES

Note.—Further details of announcements, marked with an asterisk (*), may be obtained by interested American exporters upon specific request to the Bureau of Foreign and Domestic Commerce or any field office of the Department of Commerce.

Afghanistan

Transport and Communication

Important New Road.—A new motor highway is being built from Kabul to Jalalabad, along the Kabul River Valley in the Eastern Province of Afghanistan, says the European press. The road, which will reduce the traveling distance between Kabul and Jalalabad by more than 30 miles, is expected to be opened to traffic within a few months.

Argentina

Tariffs and Trade Controls

Wool: Exports of Wool in Bales Must Conform to Certain Weights.—Exports of wool in bales from Argentina must conform to the following higher weights without changing the cubic measurement of the bales, according to a decree dated May 29, 1942, and published in the July 1942 issue of the Boletín de la Dirección General de Aduanas:

	Kilograms
Greasy wool	450 to 550
Washed wool	360 to 440
Clean wool	420 to 480

This measure, it is stated, is designed to take the best advantage possible of available shipping space, and approximately 17 percent of this space will be saved thereby. It will also represent an appreciable economy in jute and iron hoops, both of which are scarce.

Exportation of Wool Wrapped in Jute or Other Textiles Authorized.—Exportation from Argentina of wool wrapped in jute or other textiles has been authorized by a resolution dated June 30, 1942, and published in the July 1942 issue of the Boletín de la Dirección General de Aduanas.

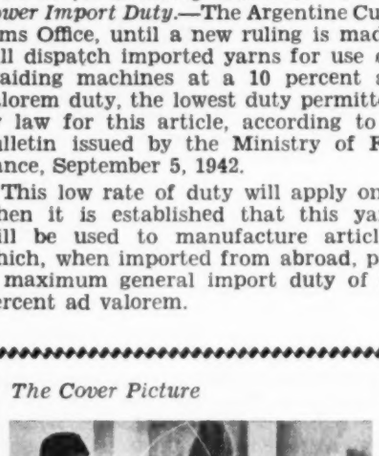
A decree of June 5, 1942, prohibiting the exportation of burlap or jute or any other textile fiber empowered the Ministry of Agriculture to authorize the use of burlap for the exportation of products for which wrapping is absolutely indispensable.

Automobiles: Certain Draw-back Benefits Granted.—Automobiles imported from the United States into Argentina for assembly, and reshipped to Uruguay, have been extended draw-back benefits by a decree of June 19, 1942, published in the July 1942 issue of the Boletín de la Dirección General de Aduanas. A guaranty deposit equivalent to the import duty must be paid to the Customs, which is returned after reshipment of the assembled automobile to Uruguay. A period of 180 days is allowed for transit in Argentina. If shipment has not been made at the expiration of this term, and no extension of time has been requested, the deposit is forfeited.

Yarns for Braiding Machines To Pay Lower Import Duty.—The Argentine Customs Office, until a new ruling is made, will dispatch imported yarns for use on braiding machines at a 10 percent ad valorem duty, the lowest duty permitted by law for this article, according to a bulletin issued by the Ministry of Finance, September 5, 1942.

This low rate of duty will apply only when it is established that this yarn will be used to manufacture articles which, when imported from abroad, pay a maximum general import duty of 25 percent ad valorem.

The Cover Picture



Those Who Pay the Piper

Our cover picture this week shows typical women of the Balkan region—industrious, skilled in varied tasks, unpretentious, and steadfastly loyal to their family ties and daily duties. It is they, and the men like them, who are paying today in stark privations and bitterness of spirit for the costly and potentially ruinous entanglements forced on their nations by Nazi Germany.

It is they, also, who will be immediately concerned with the consequences attendant upon the grandiose schemes of such German industrial "octopi" as I. G. Farbenindustrie, with their plans for far-flung and intricate Balkan networks of production, trade, finance.

Transport and Communication

British-Owned Rail Lines' Income Mounts.—Substantial increases in gross receipts are shown in preliminary reports made by British-owned railways in Argentina for the 12-month period ended June 27, 1942, the British press states. Total receipts and increases are shown in the following table:

[In thousands of pesos]

Railway	Gross receipts	Increase compared with preceding year
Buenos Aires & Pacific	75,816	583
Buenos Aires Great Southern	125,941	10,060
Buenos Aires Western	45,230	3,602
Central Argentine	91,898	5,908

The Argentine North Eastern has reported an increase of 1,962,600 pesos for the financial year just ended, and the Entre Rios an increase of 2,387,100 pesos.

Belgian Congo

Tariffs and Trade Controls

Cotton Textiles: Import Duty Reestablished on Goods Containing Doubled Yarn.—Plain cotton piece goods, bleached or unbleached, is now dutiable at 20 percent ad valorem upon importation into the Belgian Congo, if it contains twisted (doubled) yarn in either the warp or the weft, by the terms of ordinance-law No. 216/Fin-Dou. of July 23, 1942, published in the Bulletin Administratif du Congo Belge of July 25 and effective from August 1, 1942.

[See FOREIGN COMMERCE WEEKLY of June 13, 1942, for an announcement concerning the removal of Belgian Congo import duty (15 percent ad valorem) on unbleached and bleached plain cotton goods.]

Shelled Peanuts: Export Surtax Again Removed.—The surtax on shelled peanuts exported from the Belgian Congo and Ruanda-Urundi, which was reestablished on April 15, 1942 (at 62 francs per 100 kilograms), has been removed, effective from April 24, 1942, by ordinance No. 147 Fin./Dou. of May 3, published in the Bulletin Administratif du Congo Belge of May 10, 1942.

[The 6 percent ad valorem export duty on shelled peanuts is not affected by the above.]

Measures to Conserve Seeds and Other Planting Stock for Native Crops.—The Provincial Governors in the Belgian Congo have been authorized to issue regulations requiring the formation of reserve supplies of seeds and other planting stock necessary to insure the food supply of the native population of the colony,

by legislative ordinance No. 104/Agri. of April 7, 1942, published in the Bulletin Administratif du Congo Belge of April 10, and effective from the latter date.

Such measures may apply to grains, seeds, cuttings, or any other plant-propagating material, and may prohibit or regulate purchase, sale, handling, or transportation of such articles during certain seasons. In the case of selected or improved strains, the Governors may prohibit or limit their consumption or sale, or they may reserve to the colonial government the sole right of purchase of all or part of the supplies available, for distribution to the native communities or individuals concerned.

Bolivia

Economic Conditions

The signing of a series of agreements with the United States, to serve as the foundation of the program of financial and technical assistance to Bolivia, constituted the outstanding economic event during August. The Ministers of National Economy and Finance announced the nature and amounts of the loans to be received by Bolivia for the development of roads and assistance to agriculture, mining, and the petroleum industry. The Bolivian Congress convened on August 6, at which time the President outlined the economic aid offered to Bolivia by the United States.

Government revenues collected during the first half of the year exceeded earlier estimates, reflecting continued mining activity at above-average levels. Retail trade, however, showed no gains during August, and inventories declined in some lines for which replacements were difficult to obtain. Little new construction was started in La Paz, although plans were announced for two new industrial enterprises, consisting of a glass factory in Cochabamba and a sugar refinery near La Paz.

The results of 4 years of experimentation in wheat-growing on the Bolivian plateau, published in the press, gave evidence that wheat could be produced successfully at an altitude of more than 10,000 feet, provided the rainfall during the growing season amounted to 300 millimeters (about 12 inches). A seed known as "Mentana" was reported to have produced the best results, yielding up to 23 bushels per acre on good lands protected from strong winds.

The value of exports during July was more than 15 percent above that of the preceding month, with an increased volume of tin, antimony, lead, and zinc shipments. Among the export products of lesser importance, coca leaves, cinchona bark, and cattle hides moved in larger volume than in June.

Brazil

Wartime Commodity Controls

Coal: Rationing Established.—Coal producers in Brazil may dispose of only one-fourth of their production, and must deliver three-fourths to the Federal Government for rationing, under provisions of decree-law No. 4,613 of August 25, effective from the date of publication in the Diario Oficial of August 29, 1942, Rio de Janeiro.

The price of the coal delivered to the Government for rationing is temporarily established at 0.020 milreis per 1,000 kilocalories, alongside ship, in the ports of Imbituba, Laguna, Porto Alegre, and Rio Grande, in the State of Rio Grande do Sul; and to the Superintendent's office of the Dona Teresa Cristina Railroad, in the State of Santa Catarina. The Dona Teresa Cristina Railroad will have charge of the distribution and shipment of coal in the State of Santa Catarina, under instructions from the Ministry of Transportation and Public Works. In the State of Rio Grande do Sul the coal will be distributed by the Merchant Marine Commission, also under instructions from the same Ministry.

The portion of one-quarter which producers are allowed to dispose of at will is not subject to the established price, and may be sold at prices determined by supply and demand. In rationing the coal delivered to the Government, marine and land transportation, and manufacturers of gas and the public-utility services will be given precedence. Public-utility companies that are paying prices higher than those established in this decree-law, in view of contracts covering a specified period, shall be entitled to the reduced fixed price only if they in turn reduce their rates to the public in proportion to the benefits derived from the lower price for coal, and proposals to that effect must be submitted to the Government for approval within 30 days from the publication of this decree-law.

The established price of 0.020 milreis per 1,000 kilocalories will be increased or decreased if railroad transportation rates for coal to ports of shipment or taxes levied on fuel are changed. When the heating power of the coal differs from the one established in this decree-law (1,000 calories per kilogram) the established price of 0.020 milreis per 1,000 kilocalories will be increased or decreased, at the rate of 0.001 milreis per 100 kilocalories, provided the difference is above or below the permitted tolerance of 10 percent.

For lower types of coal, such as dust or dust coal resulting from washing, and special types of calibered coal required exceptionally by some consumers, prices may be adjusted freely between consumers and producers. When coal is sold within the State of Rio Grande do Sul the established price of 0.020 milreis per 1,000 kilocalories is understood to be for coal delivered to storage unloading bins of the Aerial Cable on the left bank of the Jacui River or on board producers' boats in Porto Alegre. Prices for coal

Keen Comments on World Economy Today

[Twenty-third in a series of excerpts from notable books and speeches]

"The Fundamental Justification of Foreign Trade Remains"

International collaboration must be revitalized. Idealistic dreams of 1918 have been shattered. The way back will be difficult and different. Political cooperation must be separated from economic cooperation even if it cannot be divorced. Whether the future trend of foreign trade is toward the maximum or minimum, international markets will be in need of regulation. . . .

Competition among States will remain in the immediate future. It is possible to agree upon fair trade practices, to eliminate trade nuisances, and to accept international commercial arbitration. It is possible to set up international standards for labor legislation and to lessen "sweatshop" competition. It is possible to cooperate on monetary policies affecting the international exchanges in such a way as to keep price levels more in line.

It is possible, as producers and consumers, to cooperate in international agreements, seeking to stabilize output and sale of raw commodities and foods. It is essential to cooperate in the collection of world economic data in order that international traders can gauge their market opportunities and their sources of supply.

All nations trade. The trade of all nations is constantly undergoing shifts in channels, changes in import needs and export surpluses. Investment requirements of modern production are so enormous that they cannot be risked without some assurance of security. Producers must have confidence that markets, foreign or domestic, will be safeguarded.

Flexibility of national controls and sanctity of contracts in international economic relationships are two essentials. There is a third. Each nation *must think through the role which foreign trade should play in its economy* and choose the instruments best suited to attain its ends.

Planning? Yes—but not by haphazard logrolling of pressure groups. Whatever the political structure of future states, the fundamental justification of foreign trade remains. It must be made to function in a new environment.

(From "World Trade," By Ethel B. Dietrich. Publishers: Henry Holt & Co., New York.)

delivered at another point within the State shall be increased by the additional expenses covering transportation, handling charges, and taxes.

For coal sold for consumption to the Dona Teresa Cristina Railroad and delivered to cars at the mines, the established price of 0.020 milreis will be reduced by the cost of railroad freight to the shipping ports. Consumers who purchase monthly amounts of more than 10,000 tons of coal under contracts already signed will benefit by a reduction of 10 percent from the established price for deliveries in the interior of coal-producing States, and those who purchase more than 20,000 tons per month will receive a reduction of 20 percent. The Central Railway of Brazil will receive a reduction of 10 percent from the established price, and in compensation therefor coal producers may use the coal park of the railroad whenever convenient, to unload, weigh, store, and remove coal destined to the free market.

Shipments From the United States for the Rubber Reserve Co. in Brazil Exempted From Consular Invoice Fees.—Brazilian consular officers in the United States have been authorized to exempt from consular invoice fees the consular and commercial invoices covering materials shipped from the United States to the Rubber Reserve Co. or to the Instituto Agronómico do Norte, in Brazil, for use in the rubber-production program in the Amazon Valley, by a circular (No. 1,643) dated August 19, 1942, issued by the Brazilian Ministry of Foreign Affairs. Although such shipments must be covered by the usual consular and commercial invoices, no fee will be charged by Brazilian consuls for legalizing these documents.

British West Indies

Economic Conditions

Jamaica's Business Inactive

Business in Jamaica continued to be relatively poor during August. Little or no change was noted from the general stagnation which prevailed in the preceding month. In fact, all indications point to the probability of a further slackening of trade and an even more pronounced slow-down in the immediate future. The causes are several—food shortages, unemployment, and rising food costs—and all are unfavorably affecting the Island's entire economic situation.

The serious curtailment in transportation facilities, owing to gasoline, oil, and coal shortages, was reflected in all types of economic activity. The unemployment situation—further aggravated by labor reductions at the United States bases and by the completion of the sugar crop—continued to be a factor of grave concern during the period under review. No action has as yet been forthcoming on the Legislative Council's proposed £1,000,000 loan for relief purposes.

Ireland's Horse-Coach Service

Horse-coach service between Rathkeale and Limerick, Eire, was inaugurated June 8, 1942, according to the press. More than 400 passengers were carried during the first 15 days, and on market days the coach could not accommodate all who wished to ride.

As a result of the popularity of the first coach, a second has now been put into service, and additional vehicles will reportedly be acquired soon.

Canada

Tariffs and Trade Controls

Gasoline Used by the Manufacturer or Producer Liable to Excise Tax.—Gasoline manufactured or produced in Canada and used by the manufacturer or producer becomes liable for the payment of the excise tax of 3 cents per imperial gallon on the quantity so used, under an amendment to the Special War Revenue Act, effective September 1, 1942, and announced in a circular issued by the Excise Division of the Canadian Department of National Revenue of that date.

Inexpensive Rosaries Duty-Free.—When the value for the purpose of duty does not exceed 25 cents each, rosaries are exempt from duty when imported into Canada from any source on or after September 1, 1942, by an order in council, series D, No. 47 (T. C. 87). The special excise tax of 3 percent which applies only to imports under the general tariff is exempted also.

The war exchange tax of 10 percent ad valorem will continue to apply.

Green Coffee, and Barilla or Soda Ash: Imports Prohibited.—The importation into Canada of green coffee, and barilla or soda ash, is prohibited except under permit, issued by or in behalf of the Minister of National Revenue, by orders of Customs memoranda dated October 3, 1942.

Goods Valued at Less than $5: Export Permit not Required.—The exportation from Canada of goods valued at $5 or less will not require an export permit, except shipments of rubber and rubber products, tea, sugar, and glucose, by terms of a Customs memorandum dated October 3, 1942.

Formerly, casual shipments of sugar and glucose in amounts up to 25 pounds could be exported without a permit. The above order reduces the amount to 5 pounds.

Chile

Economic Conditions

The level of activity in domestic trade in Chile was still high during August 1942, although a declining trend was in evidence for September. Some manufacturers were reported to be gradually adjusting their operations in line with an anticipated reduction in supplies, and the rate of manufacturing activity is expected to be increasingly determined by the volume of raw materials obtained from abroad. The general index figure for manufacturing for the first half of the year was 167.06, a decline of about 4 percent from that for the first 6 months of 1941. The index of mining production covering the first half of 1942 also indicated a downward trend in the production of coal, nitrates, and gold.

Earlier pessimistic forecasts of the cereal harvests were confirmed by the final figures, with wheat production at the lowest level for the last 9 years, necessitating imports from Argentina. The oats harvest also was the smallest in 17 years, and the yield of barley was the lowest since the beginning of the century.

With mining and industrial production stationary and showing evidences of a downward trend, with agricultural production definitely dropping, and with foreign trade remaining at the same level as in the preceding 6-month period, prices continued to rise. The level of wholesale prices increased by 14 percent from December 1941 to June 1942—with prices for domestic manufacturers 22 percent higher; imported products, 13 percent; agricultural products, 12 percent; and mining products, 3 percent higher.

Two new agencies were added to the framework of the Government during August, the Council of National Economy and the Institute of Agricultural Economy. The latter assumed the functions previously exercised by the Agricultural Export Board and various other agencies, and will advise the Commissariat of Prices and Supply regarding production, distribution, and consumption of agricultural products. It will also act in an advisory capacity on problems relating to colonization, land subdivision, and the organization of farm cooperatives.

Mining

The revision of the contracts for the purchase of Chilean minerals by the Metals Reserve Co. of the United States, announced during August, received favorable press comment and was described in Chile as an evidence of continental solidarity. A report of the Economic Committee of Ministers on the domestic smelter project stated that, although bids had been called for and received, there appeared to be no possibility of importing the necessary machinery from the United States.

A survey of the coal industry was authorized by a decree of August 11, 1942, with particular reference to living and working conditions in the mining areas, labor conflicts, social legislation, economic conditions and future prospects, number of miners employed, and wages. Expanded production of coal in certain high-cost mines was proposed as a means of relieving the current fuel shortage, and exploratory work was continued in the undeveloped coal areas.

A draft law was presented to the Economic Council of Ministers for study, designed to assure an adequate supply of refined copper for use in domestic industries by requiring exporters to return to Chile the value of exported copper, partly in foreign exchange and partly in refined electrolytic copper. Under the provisions of the law as drafted, the President would be authorized to establish quotas of both foreign exchanges and refined copper which would be delivered to the Mining Credit Institute for distribution within Chile and for export. The proposed law would enable the Government to exercise control in distribution and prices.

Foreign Trade

The level of Chilean foreign trade remained practically unchanged, as to values, with exports for the first 6 months of 1942 valued at 424,000,000 gold pesos, a reduction of 1,000,000 pesos from the total of the preceding 6 months.

Nippon's "Co-Prosperity Sphere" in East Indies: Service Curtailments, Business Suspensions, Production Fiascos, Grinding Exploitation—and Beheadings

Reliable information now at hand presents a vivid picture of the dislocation of economic life in the Netherlands Indies after the violent advent of the Japanese.

All banks were closed with the exception of Japanese ones. Private cars may not now be used, and bus services have been severely curtailed. The invaders ordered European shops to remain open, but many of them were finally compelled to close down, either because their stocks were exhausted or, more often, because their entire staffs had been interned.

Plants which were manufacturing goods used by the Japanese had to continue with a small staff under enemy control. Import and export houses were forced to suspend their businesses; their stocks were sealed and lists of all they possessed had to be handed to the Japanese who took whatever they needed.

As late as June 1942, the invaders had been unsuccessful in getting an appreciable amount of production under way. Shipments to Japan consisted mainly of finished rubber, scrap iron, and other material essential for war purposes.

Most plantations had stopped working, because there was no way of disposing of their goods or obtaining sufficient cash to pay wages.

The Indonesians receive little consideration from the Japanese authorities but are thoroughly exploited. For instance, where under Dutch administration a coolie working in the ports earned 75 Dutch cents per day and was paid overtime, he now gets 35 Dutch cents, while his working day is much longer than it used to be.

This has created much ill-feeling, and the Indonesian dislike for the Japanese rulers grows apace. This, of course, has not remained unnoticed by the occupying power, which has taken severe measures to suppress any utterances of hatred.

It clearly is the intention to keep the Indonesian populace in a continuous state of fear. Corporal punishment has taken ghastly forms—such as the severing of hands for theft, or public beheadings.

The percentage of total imports represented by minerals increased by approximately 9 percent, with a corresponding decrease in the percentage of agricultural commodities. Shipments to the United States and to the other American Republics made up over 99½ percent of total Chilean exports during the period.

The Chilean National Committee of the Inter-American Development Committee has given consideration to a number of industrial projects with a view toward developing a more diversified domestic and export economy. These have included the extraction of vitamin oils from fish livers, the construction of wooden sailing vessels, the processing of fibers obtained from the domestic tree known as "alerce," the remote possibility of extracting rubber from a plant known as "lechero," the expanded production of hemp, flax, and formio, and the development of domestic chemical industries utilizing derivatives of nitrate and potasium salts.

Negotiations were being carried forward in August to improve commercial relations with a number of foreign countries, including proposed commercial treaties with Cuba, Panama, Paraguay, Peru, and Portugal, as well as arrangements to barter Chilean nitrate for steel from Argentina and Spain, and Chilean copper for Swedish iron and steel products.

Tariffs and Trade Controls

Provisional Commercial Agreement with Netherlands Continued for Another Year.—The revised commercial agreement between Chile and the Netherlands has been continued in force for another year from July 13, 1942, by a Chilean decree published in the Diario Oficial of September 4, 1942.

[A summary of the provisions of this agreement was published in Commerce Reports of August 19, 1939.]

Ecuador

Tariffs and Trade Controls

Exportation of Copra Prohibited.—Exports of copra from Ecuador are now prohibited, according to a decree of August 19, 1942, so as to conserve supplies of coconut oil for domestic industrial requirements.

Exportation of Seed and Other Plant-Propagating Stock Prohibited, Except Under Permit.—The exportation from Ecuador of seeds of all kinds for reproduction, living plants, sprouts, cuttings, and buds is prohibited, except under prior permit from the Ministry of Agriculture, according to a decree published on September 12, 1942.

El Salvador

Wartime Commodity Controls

Gasoline and Diesel Oil Strictly Rationed—Deliveries of gasoline for purposes other than those absolutely essential to the national economy will be discontinued, and Diesel oil for electric-light services and industrial uses will be strictly rationed, under orders issued by the Salvadoran Committee of Economic

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Coordination, published in Salvadoran newspapers on August 21, 1942. This notice was issued as necessary to achieve the 60-percent cut from 1941 consumption levels recently announced.

Gasoline for transporting coffee from plantations to the mills, railroad stations, and ports is considered by the Committee to be the most vital to the country's economy, and, except for gasoline for doctors, official cars, diplomatic corps and career consuls, milk transportation, priests, funeral cars, and the maintenance of public-utility services, no further ration coupons will be issued.

Existing stocks of Diesel oil are also lower than the requirements of the crop season and, consequently, will be subject to a strict rationing system. Electric-power companies and municipalities using Diesel oil for electric-lighting services, as well as persons who use Diesel oil for industrial purposes, will be required to reduce the use to a minimum.

Autobusses and station wagons operating in zones served by railroads received only one-half gasoline quotas for the month of September, and after September 15 no more gasoline will be issued for runs within railroad zones.

Finland

Exchange and Finance

Budget Estimates for 1943.—Estimates of Finnish Government expenditures in 1943 for nonmilitary purposes are contained in a bill presented to the Diet on September 18, 1942, which, however, does not include allocations for national defense (except administrative costs).

Total expenditures are expected to amount to 18,200,000,000 Finnish marks, or 7,000,000,000 marks more than the original budget figure for 1942. Ordinary expenditures are estimated as increasing to 12,500,000,000 marks (83 percent above the preceding year). The largest item in this increase is 4,500,000,000 marks for compensation for war damage, no similar provision having been made for 1942. A 42-percent increase in civil-service salaries, necessary to meet inflated costs of living, also contributes to the increase.

Interest on the public debt, at 1,600,000,000 marks, will be 390,000,000 marks more than in 1942. The item of 1,800,000,000 marks for ordinary defense expenditures is unchanged from last year, but this has no particular significance, since most military expenditures are not included in the budget. Expenditures for capital account, which include sums invested in State enterprises operating for revenue, as well as those loaned by the Government for various purposes and those employed for the amortization of State debts, are to increase by 1,500,000,000 marks over the 1942 level of such expenditures.

Total Government income for 1943 is budgeted as 18,300,000,000 marks. The so-called ordinary Government income is expected to increase by 38 percent to 12,200,000,000 marks, of which 10,600,000,000 marks are to be derived from taxation. The increase in the latter item over 1942 is estimated at about 3,000,000,000 marks. Of this increase 2,000,000,000 is to be contributed by the capital levy, a special tax on 1941 income is to yield 200,000,000 marks, a nonrecurring tax of 20 percent on income from forests is depended on for 150,000,000 marks. It is hoped to secure an increased yield of 100,000,000 marks from higher rates of the turn-over tax, while increased charges for postal, telephone, and railway services are estimated to yield an additional 50,000,000 marks. It is expected that a further supplement of 400,000,000 marks will be secured from increases in gift, inheritance, and real-estate transfer taxes, as well as by the taxation of savings institutions (formerly exempt).

It is anticipated that 6,100,000,000 marks can be secured from "capital revenue" items (loans), this representing 3,800,000,000 marks more than were budgeted from such sources in 1942.

U. S. Department of Labor

France

Tariffs and Trade Controls

Livestock, Sugar Beets, Wheat, Wines, Dairy and Market-Garden Products: Special Taxes for Agricultural Solidarity Fund.—Special taxes have been imposed in France on sales or delivery of livestock for slaughter, sugar beets, wheat, wine, cider, perry, and dairy and market-garden products, to provide for a national fund for agricultural solidarity, by law No. 240 establishing this fund, published in the Journal Officiel.

These taxes are as follows:

On all sales of livestock for slaughter, in francs per kilogram, live weight: Hogs, 0.15; other, 0.10;

On deliveries of sugar beets by planters, as a complementary tax to the war-risk insurance tax, 7 francs per metric ton;

New Air Service, Antofagasta-Salta

The new air service between Antofagasta, Chile, and Salta, Argentina, was officially opened September 6, 1942. Officials of the Chilean municipal, air, and postal services were guests of the Pan American-Grace Airways on the first flight from Antofagasta to Salta, and a delegation from Argentina was subsequently honored on a flight to Chile. The trip requires approximately 2 hours and 20 minutes each way.

A number of experimental flights, made before the line was established, showed the atmospheric conditions in that section to be excellent, and air-line officials hope that the route can be used when planes on the direct route from Santiago to Buenos Aires, by way of Mendoza, are grounded because of bad weather.

On all wheat delivered to organizations keeping stocks, 6 francs per 100 kilograms;

On wine, 4 francs per hectoliter, and on cider, perry, and mead, 2 francs per hectoliter, payable upon removal to any destination; and

On dairy and market-garden products, taxes to be fixed later by order.

Wheat and Rye Flour: Milling Taxes Fixed.—The milling taxes on wheat and rye milled commercially in France were fixed for the crop year 1941–42, by orders published in the Journal Officiel.

The tax on wheat flour was calculated by each Department in accordance with the specific weights of the wheats of the 1941 harvest.

On rye flour the tax was fixed, temporarily, at a uniform rate for all Departments of 24.44 francs per 100 kilograms.

The proceeds from these taxes are turned over to the National Cereal Office.

In addition to the above Departmental taxes, a fixed rate of 32.17 francs per 100 kilograms is collected on all flour milled commercially in France on or after December 1, 1941.

Ores, Crude Metals, Scrap Metals, Precious Stones: Special Taxes for Benefit of Trade Organization Committees Established.—Special taxes, intended to cover the administrative expenses of the Trade Organization Committees for a number of ore, mineral, and crude-metal industries, have been established in France, effective retroactively from January 1, 1941, by orders published in the Journal Officiel.

These taxes will be collected as follows from:

Industrial and commercial enterprises handling scrap iron and nonferrous metals; 0.30 percent of sales for consumption, plus a fixed annual tax of 200 francs per firm;

Industries producing the following ores, in francs per ton (delivered): Lead, 7.20; zinc, 4.50; antimony, 15; non-French iron, 0.40; pyrites, 0.60; and manganese, 1.15;

Industries producing the following crude metals, in francs per ton (delivered): Lead and zinc, 18; antimony, 43.50; cadmium, 270; nickel, 54; and mercury, 780;

Industries producing crude gold, 105 francs, and silver, 2.10 francs, both per kilogram (delivered);

Industries producing other ores or metals, 0.30 percent of quarterly turnover;

Traders in crude diamonds, 0.40 percent of quarterly turn-over, with a minimum of 1,000 francs per year and per enterprise;

Manufacturers of diamonds for industrial use, 0.40 percent of quarterly turnover, with a minimum of 300 francs per year and per enterprise;

Lapidaries: In synthetic stones, 0.20 percent of quarterly turn-over, with a minimum of 200 francs per year and per enterprise; and in fine stones, 0.10 percent of quarterly turn-over, with a minimum of 100 francs per year and per enterprise;

Dealers in and refiners of precious metals, dealers in all other mineral substances, and in all other crude metals under the Ores and Crude-Metals Committee, 0.50 percent of the amount of salaries; and

Other activities, 0.10 percent of quarterly turn-over.

Metallurgical Products: Special Taxes on Production Established.—Special production taxes have been imposed in France on industries producing coke and metallurgical products, for the benefit of the trade organization committee for these industries, effective retroactively from January 1, 1941, by an order published in the Journal Officiel. These taxes are to be calculated per metric ton in terms of the coefficients of a value "a," fixed quarterly by the committee on the basis of production.*

France Moves Toward Trolley-Busses

Trolley-busses were used comparatively little in France before the war; in July 1940 there were only 180 of these vehicles in the country. The present shortage of fuel has given rise to a movement to increase the use of trolley-busses, however, and 19 new lines are being planned for the Paris area, according to the European press.

New trolley-busses, which will have seating accommodations for 28 passengers and standing room for an additional 24, will be equipped with gasoline-generators to enable them to reach their terminals if the electric current should fail.

Guatemala

Tariffs and Trade Controls

New Provisions for Legalization of Shipping Documents.—The Guatemalan Consul in New York City is authorized to legalize consular documents and bills of lading covering merchandise originating from points within his jurisdiction, regardless of the Guatemalan customs regulation requiring that these documents be issued by the consul at the port of actual shipment, according to a Guatemalan customs circular, dated July 16, 1942. Diversion of shipments from Atlantic ports to Gulf or other ports, with the resulting uncertainty as to point of actual export, has made this ruling advisable.

Rubberized Cotton Cloth and Chemical Pulp Paper Classified.—Rubberized waterproof cotton cloth, with a coating of cotton fabric containing rubber for the manufacture of slippers, will be classified under Guatemalan tariff item No. 471–1–0–16, dutiable at 75 cents per net kilogram. This ruling was made by a customs circular dated March 23, 1942.

Paper of chemical pulp, weighing 150 grams per square meter, has been classified under customs item No. 473–3–1–3, with a duty of 3 cents per gross kilogram, according to a press announcement of March 30, 1942.

India

Exchange and Finance

Third Defense Loan Issued.—India's Third Defense Loan was issued on July 8, 1942. It is in the form of an unlimited second issue of the 3 percent 1951–54 loan, and will be redeemed at par not earlier than 1951 and not later than 1954. Interest is payable semiannually, September 15 and March 15, and is liable to income tax. Early response was reported to have been good, with Government security prices tending to rise.

The First Defense Loan, also at 3 percent, was a short-term loan, issued at par, and repayable at 101 rupees in 1945.

The Second Defense Loan at 3 percent was issued at par and repayable at par in 1949–52.

Ireland (Eire)

Transport and Communication

Pooling of Road Vehicles.—All road-transport vehicles in County Mayo, Eire, have been pooled, as part of an experiment being conducted by the Great Southern Railway Co. to conserve gasoline and tires; all necessary deliveries will be made by an express service operated by the railway. There will be no private delivery services. If the plan proves satisfactory, it will be introduced into other sections of Ireland.

Official OWI Photo

Madagascar

Tariffs and Trade Controls

Import Duties Temporarily Suspended or Reduced on Specified Products.—Import duties in Madagascar have been suspended or reduced by one-half on a number of products, until further notice, subject to approval by the French Government, by an order of the Governor General, published in the French Journal Officiel.

The suspensions include certain grape wines, quinine and its salts, medicines, old clothes, cotton blankets, and wooden casks imported filled with wine.

The reductions include varnish, certain wool yarns and fabrics, cotton knit goods, mixed cotton fabrics, tires and tubes, and rubber footwear.

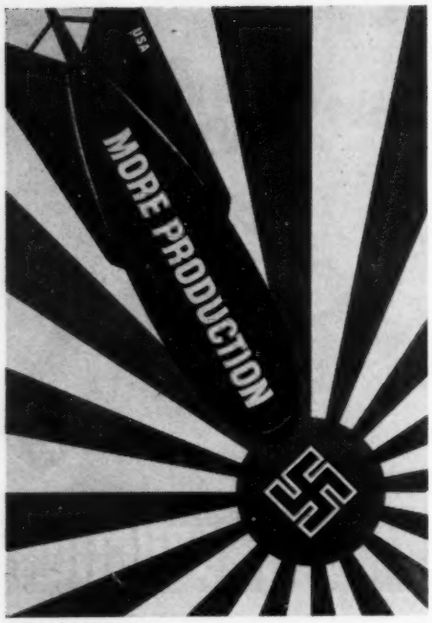
Mexico

Transport and Communication

New Highway in State of Sonora.—Reporting on the 260-kilometer highway in the State of Sonora, between Hermosillo and Sahuaripa, the newspaper "Acción" of Nogales, in its issue of June 26, states that, of this distance, 55 kilometers are finished completely, and the surfacing is completed for another 68 kilometers.

Hermosillo is on the highway between Tucson, Ariz., and Guaymas, Mexico, and on the line of the Southern Pacific Railway—having a population of about 20,000. The region produces cotton, minerals, cattle, fruit, and grain. This new highway, which opens up an extensive agricultural and mineral region to the east of Hermosillo, is of great economic importance.

Sahuaripa lies in a valley of the Sierra Madre Mountains about 2,000 feet above sea level. It is noted as a fruit-producing region.



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The highway is completely finished as far as the Colorado mine, with concrete bridges in place.

New Zealand

Transport and Communication

New Railway Facilitates Coal Supply.—Completion of the Westport-Inangahua railway line early this year has made it possible to ship coal directly from the Buller mining district to inland industrial centers, the press states. Previously, Westport had no through rail connections with the rest of the South Island.

Sweden

Economic Conditions

Imports into Sweden during August amounted to 203,000,000 crowns (about $48,300,000), compared with 164,000,000 crowns (about $39,360,000) in July. This rise in Swedish import trade is atttributed to the arrival of increased shipments from the Western Hemisphere and to larger deliveries of coal by Germany.

Swedish export trade, on the other hand, continued to decrease. August exports amounted to only 120,000,000 Swedish crowns (about $28,600,000), compared with 137,000,000 crowns (about $32,880,000) in July.

After having risen to a record high of 193 the Swedish wholesale price index dropped 2 points, to 191 (1935=100). This decrease in the general index is attributed to a drop in vegetable prices.

The Swedish production index rose a point, to 110 (1935=100), continuing the gradual upward movement of recent months. Increased operations of the iron and steel and machinery industries reportedly is responsible for this rise in the industrial production index. This index figure represents a noteworthy increase in industrial activity as compared to July 1940 and 1941, when the industrial production index stood at 106 and 101, respectively.

The European press has indicated from time to time that important Swedish industrial establishments have suffered serious damage as the result of fires. Reports for the month of August place all fire damages in the Kingdom at 5,500,000 crowns, compared with 3,800,000 crowns during the same month in 1941.

The Royal Board of Waterfalls has asked the Swedish Government to enact legislation nationalizing all private power stations and distribution lines in the Kingdom. Latest available data indicate that State-owned power stations produce about 33 percent of the electric power generated in the country.

Tariffs and Trade Controls

Trade Agreement with Hungary Renewed for a Year.—The trade agreement between Hungary and Sweden which expired on August 31, 1942, has been renewed for another year, effective September 1, 1942, according to a report of September 11, 1942.

In accordance with the terms of this agreement, Sweden is to export to Hungary goods to a total value of 24,000,000 Swedish crowns (about $5,700,000) and Hungary is to send Sweden goods to a value of 40,000,000 crowns (about $9,500,000).

Swedish exports to Hungary are to include products valued at the following amounts in Swedish crowns: Woodpulp, 4,350,000; paper, 1,600,000; iron and steel goods, 2,000,000; tools, 500,000. In addition, Sweden is to ship unspecified amounts of roller bearings, machinery, and instruments.

Hungarian exports to Sweden are to consist of foodstuffs, fruits, malt, seeds, chemicals, petroleum products, lumber, electric appliances, bauxite, and several other raw materials. No amounts were specified for these Hungarian products.

Simultaneously an understanding was reached regarding measures to be adopted to prevent a further rise in Hungarian prices, which during the last year have been so high that Sweden was unable to utilize fully the Hungarian quotas, particularly foodstuffs.

Transport and Communication

Recent Record of Merchant Marine.—Gross earnings of the Swedish merchant marine were greater in 1941 than in 1940, according to a preliminary report of the Swedish Board of Trade. In 1941, gross receipts were 595,110,000 crowns; in 1940, the total was 442,000,000.

Earnings from traffic to and from foreign ports increased from 313,830,000 crowns in 1940 to 356,240,000 in 1941, while recepits from shipping in home waters declined from 43,030,000 crowns in 1940 to 37,040,000 in 1941. Passenger traffic receipts dropped from 10,500,000 crowns in 1940 to 10,000,000 in 1941, and postal fees to foreign countries declined from 547,000 to 516,000 crowns.

Vessels plying between foreign ports and under time charters reported greatly increased receipts in 1941, but the earnings of those in domestic service were considerably less than during the preceding year. A large portion of the 1940 receipts for home service, however, came from vessels which were hired that year by the Swedish Government.

Comparative earnings of vessels sailing under time charters from 1938 through 1941 are shown in the following table:

Item	1938	1939	1940	1941
	Crowns	*Crowns*	*Crowns*	*Crowns*
Vessels plying between foreign ports	25,620,000	21,210,000	62,860,000	96,540,000
Vessels in home service	65,000	2,190,000	11,240,000	4,750,000
Total	25,685,000	23,400,000	74,100,000	101,290,000

The Swedish merchant marine was divided almost in half when the North Sea blockade was imposed on April 9, 1940, and since that date the two fleets have operated separately, except for infrequent contacts when vessels have been granted safe conduct by the belligerents. Ships inside the blockade zone have engaged in traffic with Germany and the Baltic countries and, occasionally, the Netherlands by way of the Kiel Canal. Vessels outside the blockade zone have entered time-charter service, or tramp service between various foreign ports.

Freight earnings from vessels to which safe conduct was granted by the belligerents were approximately 35,000,000 crowns in 1941; of this amount, 23,000,000 crowns represented freight earnings from in-bound cargo.

Gross freight earnings to and from foreign ports in 1941 are shown below:

Item	From Sweden	To Sweden	Between foreign ports
	Crowns	*Crowns*	*Crowns*
In the Baltic Sea zone	117,734,000	84,464,000	9,733,000
In transoceanic service	11,385,000	23,132,000	112,866,000
Total	129,119,000	107,596,000	122,599,000

The general decline in Swedish home traffic has been due at least in part to the fact that cargos from abroad has been greatly reduced and, consequently, have required much less transshipment from Swedish ports. Fuel and lubricant shortages have also had an adverse effect on this traffic, and, in addition, the Govern-

ment has purchased or hired a large number of vessels for its own service.

World's Longest Electric Rail Line.—The Swedish State Railways now operate the longest continuous electric line in the world, according to the European press. The line extends from Riksgransen, in the far north, through Boden, Bracke, Storvik, Stockholm, Linkoping, and Malmo to Tralleborg in the extreme south—a distance of 1,349 miles. If the Norwegian section of the line, from Riksgransen to Narvik, is included, the total is 1,376 miles.

Switzerland

Economic Conditions

Wartime factors continued to dominate Swiss economic developments during the second quarter of 1942. Foreign trade, though considerably below the pre-war level, was well maintained. Operations in some industries were maintained near the levels of the preceding quarter by resorting to reserves, but on the whole the raw-material situation underwent further deterioration.

The seasonal improvement in employment, noted in the preceding quarter, continued, and unemployment was at a minimum at the end of June. Prices, both wholesale and retail, continued their upward trend. Although retail sales in terms of money advanced, the volume declined. Gross railway revenue reflected a high level of activity during the quarter, but increased operating expenses resulted in reduced earnings. Government borrowings reached a record figure and dominated the loan market. Currency in circulation showed a moderate increase, and the money market continued highly liquid.

Foreign Trade Rises in Value but Declines in Quantity

Compared with the first half of 1941, imports increased 14.5 percent and exports 9 percent, in value, in the first 6 months of 1942, whereas the volume decreased by 5.4 percent and 36.3 percent, respectively. Imports in the 1942 period were valued at 1,049,300,000 francs and exports at 721,300,000 francs.

In terms of value, imports exceeded exports by a substantial margin in each of the first 6 months of 1942; during the first 3 months the gap between them tended to narrow, but in the second quarter the trend was reversed. As a consequence, the excess of imports over exports increased from 108,500,000 francs at the end of the first quarter to 328,000,000 francs at mid-year. (The import excess in the first half of 1941 had amounted to 254,400,000 francs.)

During the second quarter of 1942, Switzerland imported from the United States goods valued at 72,300,000 francs, compared with 72,800,000 francs in the preceding quarter, and 25,700,000 francs in the second quarter of 1941. Exports to the United States during the quarter under review totaled 26,000,000 francs against 22,700,000 francs in the first 3 months of 1942 and 15,900,000 francs during the second quarter of 1941.

Most Industries Well Employed

Activity in the metal and machinery industry was well maintained throughout the second quarter. Employment in the electrotechnical industry also continued at a fairly high level, as evidenced by the small percentage of employes who worked less than 48 hours a week. The prevailing fashions favored embroidery, and there was a lively demand for this commodity. Production in the brick and tile industry equaled that of the first 3 months. Production in the paper industry during the first 6 months of 1942 exceeded that for the first 6 months of 1941.

The longer Switzerland is subjected to what amounts to a double blockade the more acute becomes its situation as regards natural raw materials. Practically every branch of the textile industry suffered from lack of raw materials, and substitutes were increasingly difficult to obtain.

Crops Exceed Expectations

Grain crops suffered somewhat as a result of bad weather during the first part of the second quarter, but made an excellent recovery. The winter barley crops, which in many localities were considered a complete failure in the spring, turned out well. All summer grain crops were in good condition at the close of the quarter, and the outlook for a satisfactory harvest was good.

Exchange and Finance

Loan Issues.—As in the two preceding quarters, the dominating factor in the loan market during the period April-June was the financial needs of the Federal Government. In the first 3 months of 1942, 97 percent of the loans was for conversions, whereas in the second quarter the demand for new funds predominated. Of the total loans amounting to 696,000,000 francs, only 51,000,000 francs, or roughly 7 percent, served for the conversion of existing obligations.

The sum of 663,000,000 francs, or 95 percent of all issues, represented State borrowings of which those of the Federal Government amounted to 600,000,000 francs—in the form of two long-term and one short-term issue, originally offered for 375,000,000 francs. There was one cantonal loan of 10,000,000 francs, and municipal issues totaled 53,000,000 francs, of which the city of Geneva alone accounted for 45,000,000 francs. The only private issues worthy of mention are the 10,000,000-franc loan of the A. G. Bundner Power Works, and two mortgage-bank conversion loans in the sum of 17,000,000 francs.

As in the final quarter of 1941, the 2½ percent certificate of deposit issued by the Federal Government in the amount of 250,000,000 francs served to depress interest rates, which fell from 3.32 to 3.03 percent. Otherwise, interest rates underwent no material change. Among the larger operations, apart from the aforementioned certificates of deposit, may be mentioned one of approximately 298,000,000 francs at 3.25 percent and another of 138,000,000 francs at 3.5 percent.

Gold Holdings and Currency Circulation.—The gold holdings of the National Bank at the end of the second quarter of 1942 amounted to 3,442,000,000 francs, 48,000,000 francs more than at the close of the preceding quarter, and 1,159,000,000 francs more than on June 30, 1941. The heavy increase in the gold reserves over those of a year ago is due to the freezing of Swiss credits in the United States and the fact that the National Bank converted the greater part of its dollar holdings into gold. Thus, while at the end of June 1941 its foreign-exchange portfolio (mostly United States dollars) amounted to 1,304,000,000 francs, this had decreased to 137,000,000 francs on June 30, 1942.

Transport and Communication

Extent of Rail Electrification.—The Swiss Federal Railways are now 74.4 percent electrified, according to the European press, the conversion of the 12 miles of the Seebach-Wettingen section bringing the total mileage with electric traction up to 1,330.

In 1940, the electrified lines carried 94 percent of the total traffic.

Rail Lines' Economies.—The Swiss railways have introduced drastic economies to save oil, reports the European press. Included among those are the withdrawal of Diesel rail-cars, and the use of electrically propelled or gas-generator vehicles in place of gasoline-engined units.

Tunisia

Tariffs and Trade Controls

Fruit Pastes: Export-License Tax Fixed.—An export-license tax of 300 francs per 100 net kilograms has been fixed in Tunisia on pulps and pastes made from fruits of the 1941 crop (except date pulp and paste) exported to any destination, by orders published in the Journal Officiel Tunisien of March 26, 1942.

(Continued on p. 32)

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News by COMMODITIES

Aeronautical Products

Flying-Boat Construction in France

Two flying boats, the construction of which was started before the war, at the Latecoere Aircraft Works near Toulouse, France, are nearing completion, the European press states.

The planes, named *Marshal Pétain* and *Admiral Lartigue*, are of the Latecoere 631 type. They have a cantilever wing and tail unit, retractable wing-tip floats, and are powered by six Wright Cyclone air-cooled, twin-row radials of 1,600 horsepower for take-off. They have a span of 188½ feet, length 154 feet 5 inches, wing area 3,770 square feet, empty weight 81,600 pounds, and gross weight 145,500 to 154,300 pounds. Maximum speed is 220 miles per hour, cruising speed 160 to 175, and range 3,770 miles with a head wind of 37 miles per hour.

Designs for planes of 120 and 250 tons gross weight are reported to have been completed by the Latecoere Co.

Engine Manufacture in France

A new 12-cylinder, liquid-cooled airplane engine, designated as 12Z, has been developed in the Hispano-Suiza plants near Paris and at Tarbes in unoccupied France, according to the European press. The engine has 1,400 horsepower, but it is reported that this will soon be increased to 1,600.

Work on a 24-cylinder, 3,000 horsepower engine is said to be continuing.

Balsa Cultivation for Ceylon?

An attempt was made in 1932 to interest landowners in Ceylon in the growing of balsa trees, according to press dispatches from Colombo, but the effort was not successful.

Had cultivation been started then, the report says, Ceylon would be today the most important source within the British Empire for this wood, since the trees attain the necessary growth in from 4 to 6 years.

Balsa is in heavy demand for war construction. Australia needs large quantities for its aircraft industry, and all Ceylon could furnish, under existing circumstances, was a very small amount—not quite a ton, grown by the curator of the Royal Botanical Gardens at Peradeniya.

Ceylon's landowners are again being urged to cultivate the balsa tree.

Beverages

Morocco to Produce More Wine

The planting of additional area in Morocco to vineyards—formerly limited to between 20,000 and 25,000 hectares, because of opposition from France and Algeria—has now been authorized.

Vineyards of France and Algeria provided sufficient wine for domestic consumption and for export before the war, but now diminishing supplies in the former country and the necessity for manufacturing fuel alcohol in the latter have made it expedient that Morocco produce more grapes for the manufacture of wine.

While unrestricted planting of vineyards is now permitted in Morocco, there is little doubt that it will be controlled by the Protectorate Government, probably in the interests of European colonists. Moreover, the quality of the grapes apparently will be a prime consideration, thus encouraging exports of wine rather than domestic consumption.

Chemicals

Germany's Substitute Products

Sodium cellulose glycollate, to be used as a substitute for gum arabic, agar-agar, and tragacanth, is being produced on a large scale in Germany, according to the European press. In August, six factories were making about 40 different glycollate preparations for use in the textile, paint, adhesive, and other industries. It is reported that grades suitable for use in the food industry will be available soon.

Coal, Coke, Charcoal, and Fuel Gases

Increased Coal Production in Canada

Showing a contra-seasonal increase, July coal production in Canada totaled 1,474,000 tons, compared with 1,368,000 tons in June. In July 1941, production was 1,187,000 tons.

Motor-Fuel Substitutes in Chile

Use of gas generators utilizing charcoal or wood was recommended by a commission appointed by the Chilean Ministry of Fomento to study possibilities of using substitutes for imported gasoline.

It was stated that large numbers of motor vehicles, especially trucks, could use this fuel, and the commission urged immediate development of an adequate charcoal production.

Recommended short-term solutions included: Expansion of alcohol production so that the maximum amount of alcohol compatible with good results may be mixed with gasoline, and a study of the country's oil-bearing schists to determine whether development is feasible.

As a long-term solution, it was suggested that production of absolute ethyl alcohol by the destructive distillation of wood be studied by responsible groups. It is believed that a huge quantity of alcohol can be obtained by this method at a price permitting its use as a fuel. Valuable byproducts, such as acetone, sulfurol, calcium acetate, and lignium would also be produced.

Coal Production in Ireland

Coal deposits in Slieveardagh, near Thurles, County Tipperary, are now being mined by a local company, it is reported. Inadequacy of equipment and scarcity of skilled workers, however, hamper production.

Uruguay Increases Sale of Firewood

Coal and coke are not rationed in Uruguay, but retailing of these fuels is controlled by an agreement among dealers who require that, with each purchase of coal and coke, equal quantities of firewood be bought. Such wood includes quebracho, which is imported from both Argentina and Paraguay.

Construction

Switzerland to Build New Airport

Extension of the Basel airport is being considered by the Swiss Government, according to the European press. The commercial airport at Basel-Birsfelden is no longer completely satisfactory, as the result of recent port installations along the Rhine River.

The project now being studied provides for the construction of a modern airport at Hard, to be completed by 1944, at an estimated cost of 4,250,000 Swiss francs.

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Foodstuffs and Allied Products

Purchases by AMA

Wartime purchases of meats and dairy products by the Agricultural Marketing Administration declined during August, but vegetables, edible oils, fish, and other seasonally available foodstuffs were bought in larger quantities.

Although August purchases of meat products and lard were smaller, they continued to account for the largest dollar volume of foodstuffs bought, amounting to $34,882,000, compared with $68,731,000 in July. Dairy products and eggs came to $14,704,000, or about one-half the July figure.

AMA purchases of vegetables in August amounted to $6,046,000, about 50 percent higher than in July; vegetable oils, $2,414,000, or more than double the figure for July; fish, $7,166,000, or nearly three times the July level. Cereals and fruit were bought in smaller volume than in the preceding month.

Animal protein products have accounted for more than two-thirds of the value of AMA purchases since the beginning of the program last year. The total of such purchases was almost equally divided between meat products and dairy products and eggs.

Animal products provide food values in highly concentrated form, and will continue to lead in AMA purchases for oversea shipment. Other farm products, however, are taking a more important part in the purchasing program as Allied needs for them increase and shipping space becomes available.

Agricultural Census Proceeds in Chile

An agricultural and livestock census of Chile for 1941–42 is now being conducted throughout the country by the Ministry of Agriculture in cooperation with the Direction-General of Statistics (Dirección General de Estadística).

This will be the second complete census of Chilean agriculture. The first covered the year 1935–36 and was published in 1938. This original complete census was taken at the specific request of, and in cooperation with, the International Institute of Agriculture.

The Chilean Minister of Agriculture in his capacity of chairman of the newly formed Institute of Agricultural Economy (Instituto Económico Agrícola), which was created to mobilize the agricultural productive capacities of the country, looks upon the agricultural census as a vital source of information to be used in planning a farm program for Chile and in helping to solve the present wheat, meat, and milk problems.

The new census will be considerably broader in scope than that of 1935–36 and will contain data on a wider economic and social scale than was envisaged by the planners of the former census. Information with regard to agricultural labor conditions, rural standards of living, wages, and prices will be included.

The agricultural and livestock census for 1941–42 will be completed and ready for preliminary distribution by March or April 1943, according to the Director General of Agriculture.

Conditions Favorable in Panama

Abundant harvests are predicted for Panama. Rice, corn, potatoes, and oranges are doing well in the Provinces. Early reports indicate that 1942 rice production will amount to 1,343,000 quintals. This is an increase of 401,000 quintals over 1941. The increase is attributed to four factors: (1) The Government's pre-agricultural program; (2) the financial inducement which has been given the farmers by a satisfactory guaranteed price; (3) distribution of Government land among farmers of more than 53,000 hectares; and (4) exceptionally abundant rains. The Government will buy all the rice that is offered.

A fairly large quantity of flour has been imported from South America to substitute for delayed shipments of this article on order in the United States. Bakers, however, are finding that the South American flour is not being treated in the same manner as the North American product and is subject to deterioration from climatic conditions. Although temporary shortages of flour continue to appear, on the whole the situation is not serious.

Fish and Products

British Columbia's Salmon Pack

The salmon pack of British Columbia, Canada, as of September 5, 1942, amounted to 869,035 cases, compared with 1,148,930 cases for the corresponding period of 1941.

The pack, by species, for the 1942 season up to September 5 is shown below, together with comparative figures for 1939 and 1941:

[In 48-pound cases]

Salmon species	1939	1941	1942
Sockeye	241,946	447,341	371,503
Springs	13,038	21,365	15,468
Steelheads	558	2,434	2,861
Bluejacks	42,861	29,517	22,810
Coho	92,479	228,970	119,386
Pinks	455,853	317,149	263,228
Chums	40,200	102,154	73,779
Total	886,935	1,148,930	869,035

Jap *Plans* for Stolen Surpluses

[See also "box" on p. 17: "Nippon's 'Co-Prosperity Sphere' in East Indies]

What Japan intends to do with the surpluses formerly exported but now "piling up" in recently acquired territories is outlined in the semi-annual report of the German Institute for Economic Research, says the German press.

The hemp surplus is to be used, at least temporarily, to offset the shortage in other textile fibers, particularly jute. By development of new alloys, the large tin supplies are to be used in place of other metals. Rubber will replace leather and other materials. (According to another report, Japanese scientists have produced a motor fuel from rubber that gives 25 percent more mileage than gasoline.)

The traditional export production picture will be changed to permit growing of cotton and other textile materials of which there is a shortage in continental Asia.

Production in Southeastern Asia, however, will not be confined solely to filling the requirements of continental Asia. Japan hopes eventually to sell part of the surplus commodities to "friendly European powers" overseas, and against that day is already storing part of the current production.

There was an exceptionally heavy run of salmon between Canoe Pass and Point Roberts in early September. Some of the 70 seiners operating in that area reported catches of from 5,000 to 10,000 sockeye salmon. The catch was so large in that area that facilities of canneries were taxed, and fishing was discontinued temporarily until packers were in a position to handle additional landings.

Nuts

Spain's Almond Crop

The 1942 season for almond production in the Malaga district of Spain is not far enough advanced to give an accurate estimate, but it is believed by the trade that this year's crop will surpass last year's crop, estimated at 13,000,000 pounds of unshelled almonds.

There were no exports of almonds last year, owing to the excessively high price—about 6.12 pesetas or 56 cents a pound.

TIME IS SHORT

Stocks from the 1941 crop remaining in the hands of the producers are unofficially estimated to be from 6,600,000 to 8,800,000 pounds.

Permission for the manufacture of almond oil has not as yet been granted. The foreign and domestic markets are inactive because of Government indecision regarding almond exports and conversion of almonds into oil.

Grain and Products

Canadian Flour With Vitamin Content

"Canada Approved" bread and flour, in which some vitamins have been retained in milling, have now been on the Canadian market for several months and appear to be meeting with hearty approval. It is reported that with a little practice housewives will be able to make as good cookies and pastries as with the brand of flour to which they were formerly accustomed. Inquiries at Winnipeg report that the people like the taste of the new bread and do not object to the slightly creamy color. About 30 percent of flour and bread sales in Winnipeg are now of the "Canada Approved."

Sugars and Products

Production in Argentina

Argentina ranked twelfth in importance among the world's principal sugarcane producers in 1941, with a total sugar output of 447,341 short tons. As compared with the 1940 production of 595,898 tons, the output in 1941 represented a decline of 148,557 tons, or 24.9 percent.

Vegetables and Products

Switzerland's 1942 Potato Crop

On the assumption that about 70,000 hectares in Switzerland have been planted to potatoes, it is estimated that the total yield for 1942 will amount to approximately 1,200,000 metric tons, which exceeds last year's production by 10 percent.

Crop prospects would be better if inferior seed had not been used extensively. All fields for which first-class seeds were available are in excellent condition. Producers have been officially requested to reserve sufficient quantities of suitable potatoes for seed for 1943.

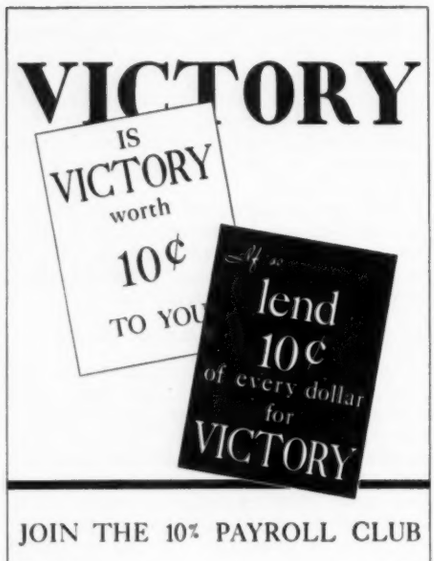
Leather and Related Commodities

Tanning Materials

Activity Decreases in Uruguay

Tanneries in Uruguay have slowed down operations to about one-half their capacity, partly as a result of lack of shipping facilities and partly because of inactivity of the shoe factories. The flourishing trade formerly carried on with Caribbean countries has fallen off considerably.

Shoe factories are operating at about 50 percent capacity because of the seasonal decline, which has been more acute than usual this year. It was expected, however, that the approaching Uruguayan spring and summer seasons would find factories resuming their normal pace.



Lumber and Products

British Guiana's Imports and Exports

Imports of lumber into British Guiana show a decided increase in 1942. During the first quarter they were 29,546 cubic feet, compared with 5,784 during the same period in 1941; in the second quarter of 1942 imports rose to 264,073 cubic feet, according to statistics recently published.

Exports for the second quarter of 1942 decreased sharply, however, as shown in the following table:

Item	Second quarter 1941	
	Quantity	Value
Railway ties.....number	3,023	$1,244
Shingles.....do	305,150	1,786
Timber, round and hewn cu. ft	48,359	24,635
Timber, sawn.....do	23,473	18,957
Wood (firewood, wallaba) tons	2,401	5,286

Item	Second quarter 1942	
	Quantity	Value
Railway ties.....number	1,898	$705
Shingles.....do	198,800	1,334
Timber, round and hewn cu. ft	10,418	5,856
Timber, sawn.....do	25,597	22,927
Wood (firewood, wallaba) tons	1,417	4,214

Canada Reduces Shingle Exports

The Canadian Timber Controller has requested that larger stocks of red-cedar shingles be reserved in British Columbia to meet greatly increased domestic requirements. The United States, which formerly took 70 to 85 percent of the total production, is now limited to 50 percent.

The Controller's request has been made because of an abnormal demand for construction material to provide storage facilities for a large grain crop and also because of a 50 percent reduction in the output of asphalt shingles.

Normally, cedar-log stocks in British Columbia amount to about 60,000,000 board feet—these stocks have now been reduced to approximately 49,500,000 feet. Because of this shortage and the lack of skilled labor, many mills have had to curtail operations.

Ireland Increases Woodland Planters

Progress is being made toward reaching an ultimate objective of 600,000 acres of woodland for Eire, the State Forestry Department has announced. The Government now owns 106,000 acres of productive woodland—90,000 acres planted by the State and the remainder purchased from private owners. The rate of planting during the last 5 years has been over 6,000 acres a year, the maximum in 1 year being more than 7,500. The immediate objective is an annual planting of 10,000 acres.

An average of 2,000,000 trees are cut annually, and 18,000,000 have been planted in each of the last 5 years.

Morocco's Cut of Firewood

The cutting of forests in Morocco has been growing heavier in recent years as the available supplies of coal and fuel oil have decreased.

The cut of firewood increased from 915,530 cubic yards in 1939 to 1,243,505 in 1940 and to 2,158,035 in 1941. For 1942 it is estimated that 3,269,750 cubic yards will be required. Almost all the cut will be converted into charcoal for household and industrial purposes, and the gas produced will be used chiefly as fuel for motor vehicles and tractors which were formerly operated by gasoline.

About 22,000 persons are now engaged in cutting firewood and making charcoal, and more are needed. To lessen labor and transportation difficulties, more than 200 charcoal ovens have been distributed through the areas being cut.

The Protectorate government has established an experimental station in the Marmora forests where tests are being conducted to determine the type of oven best suited to Moroccan wood.

Sweden's Lumber Exports

Sweden sold to Germany during the first 7 months of 1942 about 475,200 M board feet of sawn and planed lumber, small wood, and box boards, according to a Swedish press report. The amounts of planed lumber and box wood were comparatively small—only 23,760 M board feet. German importers bought more spruce and a much larger proportion of fifths.

Sales of lumber to Germany and to German buyers for requirements in Denmark and Norway were large in July, but fell off considerably in August, the report

states. The Swedish price agreement with Germany expired on July 31 and further sales are not expected until a new agreement is made.

Danish importers have had difficulty in getting certain specified types of pine from Sweden; also, the transportation problem has proved serious. Since large amounts of lumber bought during the first half of the year are still at the sawmills awaiting transport, Danish buyers are more interested in getting home the goods already bought than in making additional purchases.

Small sales were made to the Netherlands in August, consisting mostly of low-grade spruce.

Sweden's total export sales for the first 7 months of 1942 amounted to approximately 643,500 M board feet.

Machinery, Other Than Electrical

Rumania Orders Agricultural Machinery From Germany

A large quantity of agricultural machinery has been ordered from German manufacturers by the Rumanian National Institute of Cooperation under the provisions of the Romano-German Economic Agreement of January 17, 1942, according to the Axis press.

It is reported that contracts have been made for 800 tractors, 500 disk harrows, 20,000 plows, 1,500 seed drills, 800 tractor plows, 5,000 harrows, 10,000 hoeing machines, 100 corn planters, 225 threshing machines, 150 selectors, 600 reapers, and 250 winnowing machines.

Medicinals and Crude Drugs

India's Production of Nux Vomica

Activity in India's nux-vomica market from February to July 1942 centered in the Madras area, conditions in the Calcutta district being disturbed by the threatening war situation.

Because nux vomica is strictly a jungle product, no reliable or official statistics on production are available. The normal annual pre-war export figure of about 1,500 long tons, plus 100 to 200 tons for local use, represented roughly the average yearly production. To compensate for the withdrawal of French Indochina as a producing country, India stepped up output during the period September 1, 1941, to July 1, 1942, to about 2,200 tons, according to reports.

Stocks of nux vomica in India are said to be relatively small, and it is estimated that new crop supplies will not be available before November or December. South Indian stocks in July amounted to about 550 or 600 tons, of which 300 were being held on the Malabar (west) coast and the remainder in the Madras-Cocanada area (east coast). Of west-coast stocks, 200 tons had already been sold abroad; and 50 tons of the Madras-Cocanada stocks had been contracted for.

Large stocks are accumulating upcountry (in Bengal and Orissa) in the Calcutta area, it is believed, because of the carry-over from last year of 900 long tons (March 1942 estimate) and the presumably good crop this year. Calcutta stocks have little influence on the export situation, as overseas buyers generally prefer the South Indian product.

Demand from the United States and United Kingdom has been brisk, and shipments have kept pace with sales. Total exports from India during the months September 1, 1941, to July 1, 1942, are estimated at about 2,200 tons maximum (valued at approximately 976,554 rupees, or $293,480), compared with the normal pre-war export figure of about 1,500 long tons.

The principal marketing season for nux vomica is from November to February. Since stocks are held throughout the year, the marketing sometimes continues after February. The crop season begins in September, when the trees bear fruit, and continues until November, when the ripened fruit or nuts are collected and dried.

Requirements of consumer countries, it is believed, have increased steadily since the war because of increased use of strychnine—the chief alkaloid in nux vomica—in pharmaceutical preparations as a pain killer, sedative, and tonic.

Motion Pictures and Equipment

Peru Imports Films and Equipment

The United States supplied more than three-fourths of the feature motion-picture films released in Peru during the 12-month period April 1941 through March 1942. Total imports were 455 films—354 from the United States, 42 from Argentina, 24 from Mexico, 21 from France, 5 from England, 2 each from Chile and Germany, 3 from Spain, and 1 each from Cuba and Australia.

There are approximately 247 motion-picture theaters in Peru, and about 75 percent of their projection equipment is said to have been manufactured in the United States. The average age of the equipment is estimated to be 7 years.

Britain's Electric Metal-Detector

An electric detector, which can "tell" if bits of metal are hidden in a piece of wood and thus prevent possible damage to saws, has been invented in England, according to press reports.

The device emits a note audible to earphones when it is brought close to any metal, it is said, and can detect 2-inch steel bolts buried 6 inches deep in wood and small nails at a depth of 2 or 3 inches.

Care should be taken, however, that the wood being examined is at least 3 feet from any massive iron object. An earth or cement floor, which has previously been explored with the detector, is considered the best place for the inspection to be made.

The new instrument is expected to be extremely valuable in locating pieces of metal in hedgerow material and second-hand timber, both of which are now being used in increasing quantities.

Nonferrous Metals

Belgian Congo Increases Tin Production

A substantial increase in tin production in the Belgian Congo and Ruanda-Urundi is evidenced by an official statement that 1942 production has doubled the pre-war record reached in 1938.

Compared with average output for the period 1937–39, production in 1942 increased more than 100 percent. Increases of 130 and 200 percent for 1943 and 1944, respectively, over the 1937–39 average are expected, according to the report.

Colombia's Production of Precious Metals

The value of precious metals produced in Colombia in August 1942 reached a new high, despite the lack of supplies and repair parts which caused lay-offs of employees at several mines.

In the Antioquia mines, August production was valued at $1,177,552, an increase of aproximately $200,000 over output in July. Gold production increased from 875,000 to 1,056,884 grams, and an increase from 414,552 to 510,905 grams was shown in output of silver.

Mexican Exports of Silver

Under the terms of a recent agreement, Mexico will supply the United States with a minimum of 80,000,000 ounces of silver a year, and the United States will raise the price paid for foreign silver from 35⅜ to 45 cents an ounce.

Newly mined silver exported by Mexico to any third country will be limited to the amount normally shipped to that country in recent years. Domestic consumption also will be regulated. All Mexican taxes on silver have been replaced by an emergency tax of 10 pesos, 92 centavos a kilogram. Both the price increase and the new tax were effective on August 31, 1942.

Oils, Fats, and Oilseeds

Tunisia's Olive-Oil Production

Latest unofficial estimates have set olive-oil production in Tunisia during 1941–42 at 25,000 metric tons of edible olive oil and 2,500 tons of sulfur olive oil. Estimates of the 1940–41 crop were identical. No official figures since 1938–39 are available.

Ordnance Dept., U. S. Army

So far this season, 1942–43, growing conditons in the olive orchards have been favorable, and indications point to an increased yield. At the end of July, unofficial sources forecast a yield of 80,000 metric tons of edible olive oil and 10,000 tons of sulfur oil.

It is reported that Tunisian reserve stocks are barely sufficient to meet domestic needs (about 30,000 metric tons annually) until the middle of November 1942, when new-crop oil becomes available. June, July, and August rations of olive oil were cut to one-half liter per person per month.

U. K. Tests Oil From Po-Yok Trees

Further research into the properties of oil from the kernels of the po-yok tree has been made by the Imperial Institute with the assistance of the Research Association of British Paint, Colour, and Varnish Manufacturers, reports the British trade press. Oil from the po-yok tree, which is native to tropical West Africa, is very closely related to oiticica—so far the most successful commercial substitute for tung.

Tests indicate that po-yok oil has valuable properties for making paints and varnishes. The products are not equal to those made from tung, but generally are superior to those made from linseed oil, it is stated.

It is thought that Sierra Leone could ship 100 tons of po-yok kernels annually. While ordinarily this quantity would be of little commercial interest, under war conditions it merits consideration.

New Factory in Yugoslavia

A factory for producing edible oils is to be built at Semendria, in Serbia, according to the British trade press. It is to be erected on a 15-acre site and will have the most modern equipment for filtering and refining, it is claimed.

Petroleum and Products

Bolivia to Develop Petroleum Industry

In August the Export-Import Bank of Washington loaned $300,000 to the Banco Central of Bolivia to be used by the Bolivian petroleum monopoly. This is the first loan from a fund of $5,500,000 earmarked for the development of the Bolivian petroleum industry, and is part of the United States program of economic assistance to Bolivia.

The $300,000 loan will be used to buy equipment from the United States.

Oil and Gas Production in Canada

Canadian production of petroleum soared to 1,180,700 barrels in June 1942, an increase of 288,200 barrels, or 32 percent, over May. Production of natural gas, on the other hand, fell from 3,077,000 mcf (thousand cubic feet) in May to 2,362,000 mcf in June, a decline of 23 percent.

Oil Shortage in French Morocco

Moroccan mineral-oil lubricant stocks became exhausted in April of this year, and domestic production from crude oil is not expected before January 1943, because of the lack of necessary apparatus.

Despite their inferiority, vegetable oils, chiefly peanut oil, have had to be substituted, and this has diminished amounts available for human consumption.

Oil Refinery To Be Established in Hungary

The Pet Nitrogen Superphosphate Works A. C. is planning to establish a lubricating-oil refinery in Hungary at a cost of 6,000,000 pengös (about $1,169,400 at the official rate of exchange), according to the German press.

Domestic mineral oils are to be processed, and it is believed the refinery can supply a considerable part of the Hungarian lubricating-oil market.

Railway Equipment

Shortage of Rolling Stock in Spain

Railroad transportation systems of Spain are reported to be badly handicapped by shortages and poor quality of rolling stock.

During the Spanish war, from July 1936 to April 1939, approximately 34 percent of the country's locomotives, 60 percent of its passenger cars, and 40 percent of its freight cars were destroyed or badly damaged. Although much of this stock has been repaired and reconditioned, and some new equipment has been acquired, less rolling stock was available on January 1, 1942, than in July 1936.

Details are shown in the following table:

Item	July 18, 1936	Apr. 1, 1939	Jan. 1, 1942
Locomotives	2,800	1,837	2,475
Passenger cars	4,383	1,740	2,816
Freight cars	69,222	41,700	64,997

In December 1939, the Spanish Government ordered 150 locomotives, and in August 1941 an additional 130 were ordered. By May 1942, only 23 had been delivered. Some of the switching engines now in use are said to have been built in 1850.

No new passenger cars have been built in Spain since the war ended, and most of those now being used are very old and in poor condition. Because of the scarcity of accommodations, first- and second-class reservations must ordinarily be made at least 8 days in advance. Third-class seats are also reserved, and lines form at the ticket windows hours before trains are scheduled to depart.

The freight-car situation is somewhat better. Delivery of 2,500 new freight cars, which were ordered in 1939, has been made, and 3,500 more are being built. Domestic production appears to be adequate to meet normal replacement demands, but not to meet present requirements, which are exceptionally great as the result of war damage and deterioration. An indication of the condition of many of the freight cars now in use is found in the report that of the 595 Spanish freight cars carrying goods to one Portuguese port of entry during the last quarter of 1940, the Portuguese authorities refused to allow 80 of the cars to cross the border and required extensive repairs on 200 others before they were permitted to enter the country.

Rubber and Products

Rubber-Reclaiming Plant in Palestine

A plant for reclaiming rubber, capable

Sesame Cultivation in Venezuela

The Peninsula of Paraguana, to the north of Lake Maracaibo in Venezuela, has been found peculiarly adapted to the cultivation of sesame, from which an edible oil is produced. Ten thousand kilograms of sesame seed have been planted in Paraguana this season, and oil-pressing machinery is now being erected in that region.

The harvest of this region alone is estimated at 2,000 metric tons of seed for this season. Plant scientists in Venezuela have recently developed an improved type of sesame which carries three seed clusters together where the usual plant carries only single clusters.

Hundreds of Millions of Dutch Eggs for the Nazis

Since December 1941, a total of 25,000,000 eggs were taken by the Germans from cold-storage plants at Zutphen, in the Province of Gelderland, in the Netherlands. No less than 300,000,000 Dutch eggs were sent to the Reich during the last 6 months, as well as 57,000 chickens. Even candy is an eagerly demanded commodity. Almost 12,000,000 pounds were exported to the Reich since the start of the occupation.

However, this scarcity of the most essential foodstuffs does not prevent the Bristol Hotel at The Hague, owned by Dutch Nazis, from serving eggs and bacon to any fellow Nazi, without coupons.

of producing 300 tons a year, is being established by the Palestine War Supply Board, according to the British press.

Tanganyika's Rubber Production

Tanganyika's rubber output, both plantation and wild, is controlled by the Government, and efforts to speed production are in full swing, say British trade reports.

Records indicate that 103,000 acres of Ceara rubber plantations were planted in Tanganyika, formerly German East Africa. Official German records indicate that, in 1913, 43,000 acres were "in tapping," and that 12,088 tons (this figure has never been confirmed by other sources) of crude rubber, which came almost exclusively from the Ceara plantations, were exported. This would indicate a yield of over 500 pounds an acre, whereas the usual yield of well-ordered Ceara plantations is about 200 pounds an acre. One explanation of the exceptional yield in 1913 is seen in the very close spacing of trees, and drastic tapping methods then in use.

Since the plantations have been neglected for nearly 30 years, serious deterioration of the stands must have occurred. Hence the possible yield at present cannot be estimated.

Textiles and Related Products

Cotton and Products

Situation in Brazil

Sao Paulo's present cotton crop is estimated at 300,000 metric tons, but some observers arrive at the more conservative figure of 270,000 tons. Both estimates are far below the 1941 production of 381,000 tons.

The quantity of cotton consumed in Sao Paulo last year was the highest on record, amounting to 55,715 tons, but estimates for this year are even higher—between 65,000 and 75,000 tons.

High prices prevailing toward the end of the season have stimulated interest in cotton growing ,and it is expected that the acreage this year will be from 20 to 30 percent above that of last year. Many coffee growers in areas that suffered severe losses through heavy freezes plan to cultivate cotton between their coffee trees.

Egypt's Exports and Domestic Consumption

From September 1, 1941, to July 29, 1942, exports of cotton reached a total of 4,511,383 kantars, and domestic consumption amounted to 751,046 kantars, compared with exports of 3,294,290, and consumption of 681,029 kantars for the like period of the preceding year. (1 kantar equals about 99 pounds.)

Cotton Mills Active in El Salvador

Domestic requirements and orders from neighboring countries were so extensive during August that cotton mills, as well as the henequen bag factory, continued operations on a 24-hour basis. Only cotton grown in the Republic may be purchased by the mills.

All firms ginning and processing cotton must be licensed and these, as well as all cotton growers, must hold membership in the Cotton Cooperative.

Haiti's Cotton Exports

Estimates indicate that about 2,468,000 kilograms of cotton were harvested this year, compared with 3,224,600 in 1941.

All cotton is grown for export except about 60,000 kilograms which are consumed locally in the production of mattresses.

Cotton exports from October 1939 through September 1940 amounted to 3,105,003 kilograms; they dropped to 2,630,405 kilograms for the same period 1940–41, and to 2,289,528 in 1941–42. Stocks available August 31, 1942, totaled 906,363 kilograms.

No textiles are manufactured in Haiti, and in normal times cotton manufactures comprise about one-fourth of total imports.

Decrease in Uganda's Exports

In May, 40,925 bales of cotton were booked from stations and ports in Uganda, bringing the total for the first 5 months of 1942 up to 199,140 bales (about 400 pounds each). This is far below the May 1941 figure of 60,099 bales, and the January-through-May total of 233,375 bales.

U. K. Controls Orders and Distribution

Almost the entire output of Lancashire cotton mills is purchased through the Cotton Control, which places orders for large quantities of cotton goods for the armed forces, as well as utility cloth for domestic consumption.

Privately placed business is restricted, and the Control will ultimately be responsible for planning the distribution of orders to absorb full production. By this policy it is expected to achieve prompt delivery of urgently needed goods, and to give manufacturers larger orders, thus enabling them to run their machinery continuously.

Demand by Government departments for cotton cloth continued heavy during July, and large contracts were placed by the Cotton Control for drills, twills, sheetings, and specialty goods. Orders for wide ranges of utility cloth for civilian use were also given out freely.

The present program of utility production embraces requirements for 3 months, but the program is to be continued throughout the war and for some time thereafter.

Coarse and medium yarns are in strong demand for utility cloth, but purchases of fine yarns are not sufficient to absorb production.

Synthetic Fibers

Demands Heavy in U. K.

Demand for all qualities of rayon yarn in July far exceeded supplies available from curtailed production, and orders were accepted for October delivery. Allotments for rayon weaving trade are so restricted that manufacturers were unable to accept all business offered.

Interest in the rayon manufacturing industry was centered around utility cloth, full specifications having been issued by the Board of Trade. They are said to cover a wide range of fabrics from a limited number of deniers of yarn. Inquiries regarding utility cloth were brisk and many contracts were put through. Dress fabrics, linings, and underwear were in greatest demand.

Staple fiber and rayon filament yarns find extensive application in the manufacture of utility fabrics. In piece goods woven from rayon filament yarns, viscose and acetate yarns are used in mixtures or separately. Some dress fabrics have a warp of acetate yarn and a weft (filling) of viscose crepe yarn. Viscose rayon yarn is also manufactured into knit goods, linings, and furnishing fabrics. A

Ordnance Dept., U. S. Army

crease-resistant finish is applied to many utility fabrics, particularly those of staple fiber.

Wool and Products

Production Regulations in U. K.

The Wool Control has issued to designated clothing manufacturers certificates to cover two-thirds of the total cloth required for production of utility garments during the first 4 months of 1943. Orders for cloth needed under these certificates were to be placed by September 25, 1942, so that textile mills could submit applications for raw material not later than October 3.

In cloth mills the bulk of production comprises Government-uniform cloths and utility fabrics. An additional ration has been received for civilian trade, and may be used by individual manufacturers for whatever type of cloth they prefer. Firms that are concentrating on maximum production of utility cloth will welcome this opportunity to increase their output and fill back orders. Others may supply pre-war customers with larger quantities of better quality nonutility cloth, or furnish more cloth to custom tailors, although the total additional yardage so produced may be small. In mid-September mills expected to receive enough orders during the next few weeks to keep them busy for many months to come.

Business in wool yarns is moderate. Spinners are catching up on production, and less difficulty is experienced in placing orders.

Demand for all grades of rags is fully maintained, and keen competition keeps prices at maximum levels.

Production of tops during early September was retarded by a week's strike of combers. Their refusal to tend extra machines or work overtime will further reduce output, although stocks are available to supplement curtailed production.

Situations in Uruguay

Confronted with a large back-log of foreign and domestic orders, Uruguay's woolen mills still operate on a 24-hour basis.

July and August showed increased imports of cotton, silk, and rayon piece goods from Brazil.

Continued high prices delayed disposition of the remaining 35,000 to 38,000 bales of last season's wool, and the new clip was scheduled to enter the market about the middle of October.

Miscellaneous Fibers

Jute Shortage in Argentina

Argentina requires about 150,000,000 bags annually, for which approximately 120,000 bales of jute are normally imported. To conserve the existing supply which is about 50 percent smaller than usual, exporters must make a charge of 1 peso extra per bag, as a guaranty deposit for their return. In other cases, produce may be exported in burlap bags only if the purchaser agrees to deposit an equal amount of this material in the country.

Manufacture of cotton bags is being encouraged, the Government having authorized investment of 1,500,000 pesos to erect a factory in Santiago del Estero. A further sum of 40,000 pesos has been appropriated to train weavers and spinners. Cotton bags can be substituted for jute, but at a higher price; the present cost of a cotton standard-sized grain bag of about 70 kilograms is 1.10 pesos, compared with 0.56 pesos for jute.

Representatives of the Argentine Government have been sent to Mexico, Colombia, Venezuela, and Trinidad to locate substitutes for jute.

Bag Production in Dominican Republic

A recently established bag factory is expected to produce 500,000 sacks annually, primarily from Haitian sisal.

These bags can be used to transport coffee, tobacco, cocoa, and other products which can be packed in bags having a wider mesh than jute sacks.

Experiments are now being conducted on the feasibility of using a domestic fiber called "maguey," a species of agave.

Tobacco and Related Products

Canadian Manufacture Stepped Up

Cigarette production in Canada during the first 5 months of 1942 amounted to 3,800,000,000, an increase of about 22 percent over the 3,100,000,000 manufactured during the corresponding period of 1941.

Cigars released during January–May 1942 totaled 78,000,000, a 9 percent gain over the 71,000,000 reported for the same months of 1941.

Canada's Tobacco Consumption

Tobacco and products entered for consumption in Canada in August 1942, according to an unrevised statement issued by the Canadian Department of National Revenue, were as follows: Cut tobacco, 2,261,933 pounds; plug tobacco, 352,462 pounds; snuff, 81,039 pounds; cigarettes, 852,492,930 units; cigars, 15,979,927 units; and Canadian Raw Leaf Tobacco, 283,043 pounds.

During the month excise taxes were paid on 18,553,292 cigars.

Egypt Increases Tobacco Imports

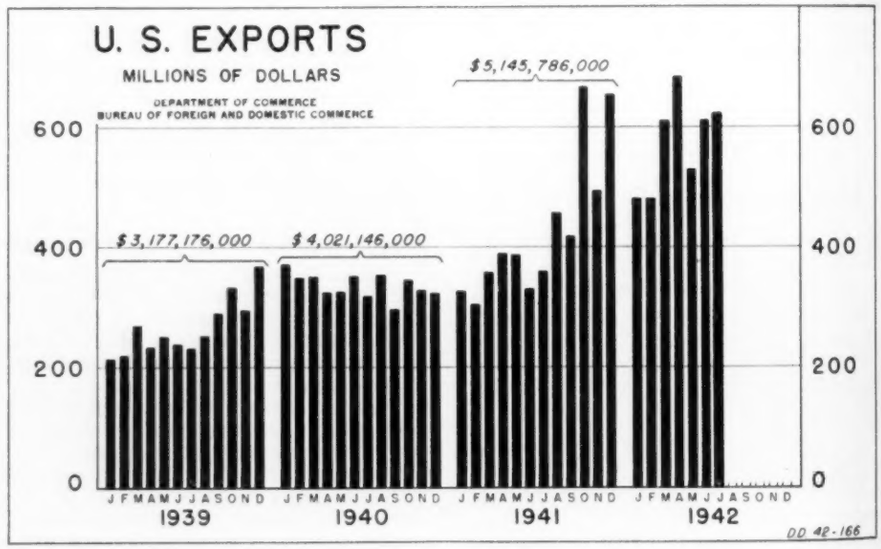
Annual imports of leaf tobacco for Egypt's large cigarette-manufacturing industry during recent years averaged around 6,000,000 kilograms. During the first 6 months of 1942 leaf was being consumed at the rate of approximately 8,000,000 kilograms annually. This increase may be attributed to a number of factors, among them the accelerated manufacture of tobacco products to meet the demand of Allied soldiers stationed in Egypt.

Leaf-tobacco requirements are normally met by shipments from Greece, Bulgaria, Turkey, China, Japan, U. S. S. R., and the United States. During the first 6 months of this year, however, tobacco originating in Turkey and the United States, only, was received, although the industry was able to withdraw from warehouses leaf from other sources.

Egyptian manufacturers of cheap brands of cigarettes particularly felt the loss of Greek, Bulgarian, Japanese, and Chinese leaf, most of which is being replaced by Turkish leaf.

In spite of reduced sources for leaf tobacco, the total quantity imported during the first half of this year was 22 percent higher than arrivals during the same period of last year, reflecting a larger demand from soldiers stationed in the country. Turkey supplied 45 percent of the total (only 16 percent a year ago) and the United States furnished 29 percent of the total (25 percent in 1941). The growing demand in Egypt, especially among British troops, for "English" cigarettes made of "Virginia" tobacco accounts for these increases. Native smokers in general prefer oriental-leaf cigarettes.

Imports of tombac from Aden and Iran, used in water-pipe smoking, remained at practically the same level dur-



ing the first half of 1942 as in the corresponding period of last year.

Cigarette imports from both the United Kingdom and the United States increased 1,000 percent during the period under review, despite considerable increase in retail prices. Imports of pipe tobacco and cigars also showed substantial gains, reflecting the temporary prosperity of certain classes in Egypt. Early in 1942 imports of cigarettes were prohibited, but speculators, anticipating this move, had imported large amounts of American cigarettes which are being withdrawn from Egyptian customs as required.

Although licenses are not granted for importing cigarettes, purchases of pipe tobacco are encouraged, since there is little or no local industry.

To conserve shipping space for more vital products, the Middle East Supply Center has restricted imports of tobacco leaf to meet civilian consumption to 1,000 tons for a 6-month period. This represents a 44-percent reduction in American leaf tobacco imported during 1941. To offset this reduction, imports from Rhodesia and India have increased 27 percent, and shipments from Turkey have gone up 17 percent.

Exports of cigarettes have dwindled to practically nothing, but this decline is made up for by an increase in domestic consumption.

Stocks of tobacco now available in bonded warehouses are considerably under the average of 250,000 bales in storage during normal times. The bulk of leaf-tobacco stocks is held by cigarette manufacturers. Practically the only tobaccos available in Egyptian customs warehouses now offered for sale by importers are those originating in Turkey and the United States. Small quantities of Iranian tobacco (Balkan type) are also offered.

Large Production in Southern Rhodesia

The 1941–42 tobacco harvest in Southern Rhodesia will break all previous records at 44,300,000 pounds, according to the final estimate of the Government Statistician. The actual yield of the 1940–41 season was 36,650,350 pounds.

Turkey's 1942 Production

The 1942 tobacco crop in Turkey, according to the most reliable estimates, will total slightly less than 70,000,000 kilograms, compared with last year's estimated output of 55,000,000 kilograms. On the basis of early plantings, this year's crop was first placed at 80,000,000 kilograms, but production, it was assumed, suffered a set-back from the prolonged dry weather.

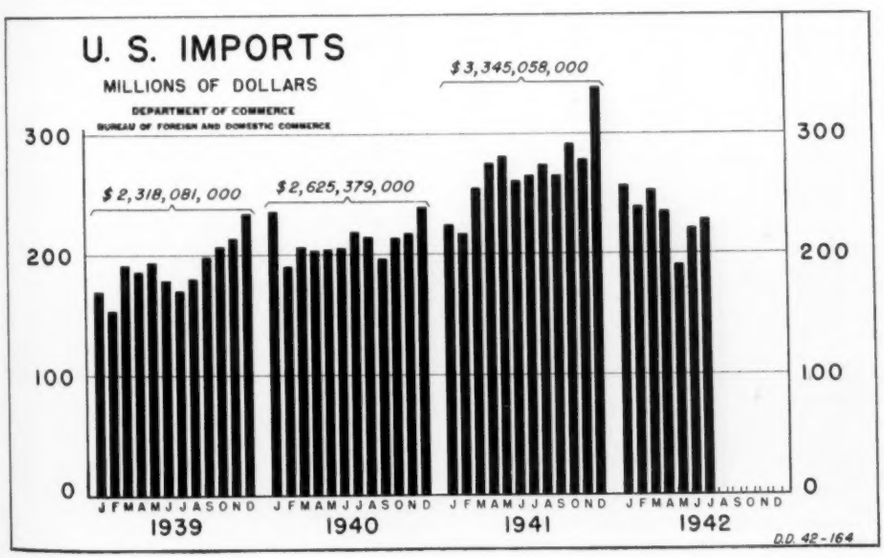
The quality of the new crop promises to be fair, although definite information on the subject will not be available before the end of October.

Estimates of 1942 production among the principal growing areas in Turkey are shown below:

Region	*Kilograms*
Aegean	34,312,000
Black Sea	18,610,000
Marmara	14,070,000
Eastern Anatolia	2,000,000
Total	68,992,000

Indications point to even higher prices than those of last year, when Turkish tobaccos sold at record levels. Taking into account a 50-percent rise in wages, higher material costs, and increased land rents, merchants estimate that prices may be 30 percent above those paid for last year's crop. It is not certain, however, that foreign buyers will be willing to pay these fabulous prices for Turkish tobacco. Germans are already complaining about the excessive prices of Turkey's export products; the British have only a fixed sum to spend on Turkish tobacco; and it is unlikely that American companies will be attracted by indicated prices. Local dealers and individuals will probably be the important buyers on a purely speculative basis.

Important tungsten discoveries have reportedly been made in Nacozari, State of Sonora, Mexico, and in Huasabas, also in Sonora. It is asserted that these deposits can help materially to supply the tungsten demands of United States war industries.



I. G. FARBEN

"Adds the Balkans to the Reich"

(Continued from p. 9)

from Poland, control of the Oderberg works has been taken over jointly by Fahlberg-List A. G., Magdeburg, and Chemische Fabrik von Heyden, A. G., as well as an Austrian concern.

When the rest of Poland was taken over, its chemical production, valued at $87,000,000 in 1937, was added to that of the Reich. The largest Polish chemical concern, the United Explosives and Nitrogen Works operating the Chorzow and Moscice plants, produced nitrates and a number of other heavy chemicals. It formerly supplied one-half of the total value of chemical production of Poland and 50 percent of Poland's exports. It was renamed the Oberschlesische Stickstoffwerke A. G., in 1940, and the capital is now entirely in German hands, being taken over by the Werke des General Gouvernements A. G., part of the state-controlled Herman Goering concern.

I. G. Farben Active

I. G. Farben has participated in several of the new companies and is cooperating with the Pless combine in former Polish Upper Silesia in the chemical utilization of Silesian coal.

Whereas some chemical factories have been taken over by German private companies, in general German policy has been to establish new supervisory companies—the so-called "Ost-gesellschaften," divided into trust and operating companies for entire industries, as soda and alkalies, chemicals, nitrogen compounds, superphosphates, and soap.

Theme With Variations

The Reich's procedure in gaining control of the chemical industry in the area from the headwaters of the Danube to the Black Sea has been varied to suit the circumstances. The incorporation of Austrian industries in 1938 presented no great problem. The integration of the Sudeten chemical industries in October 1938 was aided by the existence of the Aussiger Verein, which already dominated the entire industry both in Sudetic areas and in the remaining parts of Bohemia-Moravia, which were taken by the Reich in March 1939.

In Slovakia, separated from the rest of Czechoslovakia and set up as an "independent" puppet state, the Slovak branch of the international concern Dynamit Nobel of Bratislava (Pressburg), an affiliate of I. G. Farben, was a chief factor in the process. Slovak Dynamit Nobel in turn aided in obtaining control of the Croat segment of Yugoslavia. Much of the former Yugoslav chemical industry is located in the now "independent" Kingdom of Croatia. Yugoslavia lost some of its chemical industries to areas occupied by Bulgaria and Hungary, and part directly to the Reich in areas of the Untersteiermark which had belonged to Austria before World War I and which have now been directly incorporated in the Reich.

European, Far Eastern, and Other Exchange Rates

NOTE.— *For Latin American Rates See Opposite Page*

COMPILED IN INTERNATIONAL ECONOMICS UNIT

NEW YORK RATES REPORTED BY FEDERAL RESERVE BOARD

Country	Unit quoted	Annual average rate		Monthly average rate		Rate on Oct. 9, 1942
		1939	1940	Aug. 1942	Sept. 1942	
Australia	Pound (free)	*$3.5338	$3.0516	$3.2150	$3.2150	$3.2150
	Pound (official)		3.2280	3.2280	3.2280	3.2280
Canada	Dollar (free)	.9602	.8514	.8952	.8782	.869910
	Dollar (official)		.9091	.9091	.9091	.9091
Hong Kong	Dollar	.2745	.2296	(†)	(†)	(†)
India	Rupee	*.3328	.3016	.3012	.3012	.3012
New Zealand	Pound	3.5482	3.0638	3.2278	3.2278	3.2278
Straits Settlements	Dollar	*.5174	.4698	(†)	(†)	(†)
Union of South Africa	Pound	4.4017	3.9800	3.9800	3.9800	3.9800
United Kingdom	Pound (free)	4.4354	3.8300	4.0350	4.0350	4.0350
	Pound (official)		4.0350	4.0350	4.0350	4.0350

OFFICIAL RATES IN FOREIGN COUNTRIES

[New York rates not currently available]

Country	Official rate	Equivalent in United States dollars of unit quoted	Annual average rate [1]	
			1938	1939
Afghanistan	4 Afghanis=1 rupee	$0.0753		
Belgian Congo	44.25 Congolese francs=$1.00	.0226		
Belgium	1 belga=RM 0.4000	[2].1600	$0.1689	$0.1685
Bulgaria	1 lev=RM 0.0305	[2].0122	*.0124	[3]*.0121
China (Shanghai)	1 yuan=$0.0531	[4].0531	*.2136	*.1188
China—Manchuria	1 M. yuan=1 yen	.2344	*.2845	.2596
Czechoslovakia:				
Bohemia-Moravia	1 koruna=RM 0.10	[2].0400	*.0347	[5]*.0343
Slovakia	1 Slovak crown=RM 0.0860	[2].0344	*.0348	*.0343
Denmark	4.79 kroner=$1.00	.2088	.2183	.2035
Egypt	£E 0.23973=$1.00	4.1714	[5] 5.0130	[6] 4.5463
Finland	49.35 markkaa=$1.00	.0203	.0216	.0199
France:				
Occupied area	1 franc=RM 0.0500	[2].0200	.0288	.0251
Unoccupied area	43.90 francs=$1.00	.0228	.0288	.0251
French Indochina	1 piaster=$1.2269	.2269	[7].2880	[7].2510
Germany	RM 2.50=$1.00	.4000	*.4006	*.4002
Greece	1 drachma=RM 0.0167	[2].0067	.0090	.0082
Hungary	5.13 pengö=$1.00	.1949	.1973	.1924
Iceland	6.505 kroner=$1.00	.1537		
Iran	32 rials=$1.00	.0286		
Iraq	1 dinar=£1 sterling	4.0350	[6] 4.8894	[6] 4.4354
Italy	19 lire=$1.00	.0526	.0526	.0520
Japan	1 yen=$0.2344	.2344	.2845	.2596
Netherlands	1.8838 guilders=$1.00	.5308	.5501	.5334
Netherlands Indies	1.8925 guilders=$1.00	.5284	.5501	[6].5334
Newfoundland	$1.10 Newfoundland=$1.00	.9091	[2].9942	.9602
Norway	4.375 kroner=$1.00	.2286	.2457	.2327
Palestine	£P1=£1 sterling	4.0350	[6] 4.8894	[6] 4.4354
Poland (general governership)	1 zloty=RM 0.5000	[2].2000	.1886	[2].1884
Portugal	24.55 escudos to the dollar (checks)	.0409	.0433	.0404
	15 escudos to the dollar (currency)	.0667		
Rumania	191.30 lei=$1.00	.0052	*.0073	[8]*.0071
Spain	10.95 pesetas=$1.00	.0913	*.0560	*.0999
Sweden	4.20 kronor=$1.00 [10]	.2381	.2399	.2380
Switzerland	4.31 francs=$1.00	.2320	.2253	.2268
Syria	2.195 pounds=$1.00	.4556	[7].5760	[7].5020
Thailand (Siam)	11 bahts=£1 sterling	.3659	.4445	.4032
Turkey	£T1=$0.75	.7500	.8011	.8024
U. S. S. R.	5.30 rubles=$1.00 [11]	.1887		
Yugoslavia:				
Croatia	1 kuna=RM 0.0500	[2].0200	*.0231	[9]*.0277
Serbia	1 dinar=RM 0.0500	[2].0200	*.0231	[9]*.0227

*Nominal. † Not available.

[1] Averages are in dollars per unit of foreign currency and are based on daily quotations of noon buying rates for cable transfers in New York City as reported by the Federal Reserve Board.

[2] Based on German official rate for United States dollar.

[3] Averages for first 8 months only.

[4] Rate set Aug. 18, 1941, by Chinese Stabilization Board.

[5] Average for first 3 months only.

[6] Based on average for pound sterling.

[7] Based on average for French franc.

[8] Average for Netherlands guilder.

[9] Average for January–August and November–December.

[10] Official selling rate: The official cable rate is 4.18 kroner=$1, and the air transfer rate is 4.15 kroner=$1.

[11] For foreign-trade valuation purposes only.

In Hungary, already cooperating with the Reich for some time, increased trade and private company transactions have strengthened German control. The same is true of Bulgaria. In Rumania, where considerable foreign capital was represented in the industry, a number of direct transactions have recently occurred, and the Government has acceded to German pressure. In occupied Greece where there are only four large chemical companies, German control has been assured largely through forcibly taking over Greek banks which have an interest in these concerns.

Situation in Turkey

In Turkey the situation has not yet crystallized, and the chemical foreign trade has shifted with the fortunes of war. Infiltration tactics and the German-Turkish trade agreements may possibly indicate the Reich's intentions in this direction. Similarly, the Near East, including Turkey, Cyprus, Egypt, Palestine, Iran, and Iraq, which now import four-fifths of their chemicals, are becoming the subject of the same kind of "studies" started a decade ago by German and especially I. G. Farben economists in the countries of southeastern Europe.

Super-Companies

In Central Europe it is not uncommon for large corporations, because of their financial resources and their interest in the continuous availability of raw materials, to engage in production outside the field of chemicals as usually defined. This partly explains why chemical companies operate coal mines, produce synthetic motor fuel, synthetic rubber, synthetic textiles, and light metals and alloys. They supply chemicals needed for and often engage in metallurgical production, and also have financial interests in related industries. This idea has carried over to southeastern Europe, where, in addition to trade promotion, German chemical and allied metallurgical concerns are interested in the fullest possible exploitation of mineral resources.

I. G. Farbenindustrie, controlling more than half of Germany's chemical production, is one of the largest corporations in the world. It has world-wide interests in the chemical field and is the outstanding instrument of the German Government in unifying the continental chemical industry. The recent expansion of its capital stock to 1,165,000,000 reichmarks—to which must be added other investments, to give one an idea of the true size of the concern—reflects the increased foreign holdings in Axis-controlled territories. Through its Pressburg subsidiary, Dynamit Nobel, leading chemical concern of Slovakia, which doubled its capital in January of this year, it is constantly acquiring additional holdings in southeastern Europe.

The mammoth State-controlled Herman Goering Works, in which I. G. Farben also had a small founding interest, originally established in 1937 to mine and refine domestic low-grade iron ores in Germany and later in Austria, has ex-

panded its program tremendously to other industrial branches, including the chemical field. It has taken over certain Polish chemical plants and has acted as chief contractor for some of the production of occupied territories, mainly in the metallurgical field. A subsidiary of the Goering concern is the huge newly established Sudetenländische Treibstoffwerke A. G., capitalized at 200,000,000 reichsmarks, to manufacture synthetic gasoline from brown coal under the I. G. Farben Bergius process in the area around Brux in the Sudetenlands.

"Kontinentale Oel's" Plans

To control more effectively the production and distribution of badly needed petroleum, the Reich set up the Kontinentale Oel A. G. (Continental Oil Corporation) in Berlin early in 1941 with an original capital of 80,000,000 reichsmarks (nominally $32,000,000) which, it was announced, would be expanded later to correspond to the scope of its future operations. I. G. Farben, as well as Braunkohle Benzin A. G., synthetic-motor-fuel concern, and Vereinigte Stahlwerke, steel company, which also has some chemical interests, and other large German industrial and banking interests were founding members of this concern. It is already exploiting the oil output of Axis-controlled Europe, including Rumanian wells which were owned largely by British and Dutch, French, Belgian, and American companies. This trust is drawing up plans to operate—some day—the vast oil fields of the Soviet Union, Iran, and Iraq. Some Germans regard the announcements of this oil company as grandiose "Zukunfts-Musik"—music of the future—especially in the light of Germany's precipitate retreat from oil production in southeastern Europe at the end of World War I.

Ore Schemes Play Big Part

To investigate and develop ore deposits, the Gesellschaft zur Erforschung Aüslandischer Erzvorkommen m. b. H. (Foreign Ore Deposit Development Co.) was formed in 1937 in Berlin. Yugoslavia was the first country in which this company began carrying out its program of developing foreign ore deposits. Control of great forests of Poland, Czechoslovakia, Hungary, Rumania, and Yugoslavia, and the dependence of Scandinavian producers, has already given the Reich a monopoly in the timber, woodpulp, and rayon and synthetic-textile-fiber fields.

The Studien-Gesellschaft fur Metallgewinnung A. G. a joint subsidiary of I. G. and the Deutsche Magnesit A. G., has been conducting intensive research during the past year with Austrian magnesite deposits, the largest in Europe outside the U. S. S. R. and vital for Germany's production of magnesium as well as firebricks and crucibles. I. G. Farben and the Wintershall potash concern are Germany's chief producers of magnesium and its alloys. Control of other magnesite output in Czechoslovakia, Yugoslavia, and Hungary gives the Magnesite cartel, and Germany, an almost complete European monopoly. A new million-reichsmark company, Südost Magnesit G. m. b. H. was recently formed by leading German and Austrian producers to establish, lease, and operate magnesite plants, presumably in Austria and Yugoslavia.

"Sights Set" for Distant Goals

That I. G. Farben's sights are set beyond the continent of Europe is significantly indicated in the recent establishment of the Fluszspatwerke G. m. b. H., with a capital of 800,000 reichsmarks, to mine and manufacture fluorspar and other fluorides, used in making optical glass, glass jewelry, and, more important, in making steel and aluminum. The new company was formed jointly with Rütgers company, coal-tar producer in the Reich and Czechoslovakia. Its object is to develop fluorspar deposits in Germany, the world's second largest producer, and other European countries, *"and oversea territories belonging to continental states."*

[EDITOR'S NOTE.—Part II of this study by Dr. Karl Falk—portraying, *by individual countries,* the operations of I. G. Farben-industrie and related German interests in southeastern Europe—will appear in next week's issue of FOREIGN COMMERCE WEEKLY, Oct. 24.]

Latin American Exchange Rates

NOTE.—Averages are actual selling rates for sight drafts on New York, in units of foreign currency per dollar, with the following exception: Cuba—United States dollars to the peso. The peso of the Dominican Republic, the Guatemalan quetzal, and the Panamanian balboa are linked to the dollar at 1 to 1; the Haitian gourde is fixed at 5 gourdes to 1 dollar.

Country	Unit quoted	Type of exchange	Annual average rate		Average rate		Latest available quotation	
			1940	1941	June 1942	July 1942	Rate	Date
Argentina	Paper peso	Official A	3.73	3.73	3.73	3.73	3.73	Sept. 24
		Official B	4.23	4.23	4.23	4.23	4.23	Do.
		Bid		4.88			4.93 / 4.94	Sept. 22
Bolivia	Boliviano	Free market	4.37	4.24	4.26	4.23	4.23	Sept. 24
		Controlled	39.09	43.38	46.46	46.46	46.46	Sept. 28
		Compensation	[1] 53.83	[2] 55.00				
		Curb	56.71	54.02	51.50	50.00	50.00	(3)
Brazil	Milreis	Official [3]	16.500	16.500	16.500	16.500	16.500	Sept. 12
		Free market	19.789	19.717	19.650	19.642	19.630	Do.
		Special free market	20.700	20.678	20.500	20.500	20.500	Do.
		Curb	21.421	20.298	20.100		20.600	End July.
Chile	Peso	Official	19.37	19.37	19.37	19.37	19.37	Sept. 23
		Export draft	25.00	25.00	25.00	25.00	25.00	Do.
		Curb market	33.04	31.78	31.14	31.15	32.20	Do.
		Free	31.05	31.15	31.15	31.12	31.10	Do.
		Gold exchange	31.05	31.15	31.15	31.12	31.10	Do.
		Mining dollar	[4] 31.13	31.35	31.15	31.12	31.10	Do.
		Agricultural dollar		[5] 31.15	31.15	31.12	31.10	Do.
Colombia	do	Controlled	1.75	1.7545	1.75	1.75	1.75	Sept. 19
		Bank of Republic	1.755	1.755	1.755	1.755	1.755	Do.
		Stabilization Fund	(6)	(6)	(6)	(6)	(6)	
		Curb	1.88	1.86	1.77	1.77	1.77	Sept. 19
Costa Rica	Colon	Uncontrolled	5.70	5.85	5.62	5.64	5.63	Sept. 23
		Controlled	5.62	5.62	5.62	5.62	5.62	Do.
Cuba	Peso	Free	.90	.975	1.00	1.00	1.00	Sept. 12
Ecuador	Sucre	Central Bank (Official)	[7] 16.42	15.00	14.10	14.10	14.10	Aug. 22
		Central Bank (Free)	[8] 15.44					
		Commercial Bank	[8] 15.73					
Honduras	Lempira	Official	2.04	2.04	2.04	2.04	2.04	Sept. 12
Mexico	Peso	Free	5.40	4.86	4.86	4.85	4.85	Sept. 26
Nicaragua	Cordoba	Official	5.00	5.00	5.00	5.00	5.00	Sept. 19
		Curb	6.36	5.93	5.35	5.23	5.10	Do.
Paraguay	Paper peso	Official	[9] 70.00		333.00	333.00	333.00	Sept. 12
		Free	[9] 75.35	(10)				
Peru	Sol	do	6.17	6.50	6.50	6.50	6.50	Sept. 19
Salvador	Colon	do	2.5	2.5	2.5	2.5	2.5	Do.
Uruguay	Peso	Controlled	1.899	1.899	1.899	1.899	1.899	Sept. 26
		Free	2.66	2.31	1.90	1.90	1.90	Do.
Venezuela	Bolivar	Controlled	3.19	3.26	3.35	3.35	3.35	Aug. 29
		Free	[11] 3.46	[12] 3.76	3.35	3.35	3.35	Do.

[1] Mar. 16–Dec. 31.
[2] Jan. 1–June 20.
[3] Beginning of September.
[4] Established on July 13.
[5] Established Mar. 25.
[6] For Class 2 merchandise, 1,795; Class 3, 1.87; Class 4, 1.95.
[7] June–December.
[8] January–May.
[9] Paraguayan pesos to 1 Argentine peso.
[10] Abolished on Feb. 10.
[11] Jan. 1–June 25.
[12] July 24–Dec. 31.

NOTE.—Special rates apply to automotive equipment and agricultural machinery, imported from the United States into Argentina.

French Railway Figures

The daily average of carloadings on the French national railways in 1941 was 28,900, against 28,802 in 1940, states the British press, and these figures are low compared with the daily average of 34,226 in 1939.

On the other hand, the average weekly receipts in 1941 for freight and passenger traffic exceeded those of 1940 and 1939 by 4,000,000 and 22,000,000 francs, respectively.

The increase in the rates and fares on the French lines is stated to cover only part of the raising of wages and salaries.

The number of employees was reduced to about 414,000 from 1938 through 1941, a drop of about 50,000.

Trade Mark Applications

Argentina.—The following applications for trade-mark registration were published in the Boletin Oficial of September 22, 1942. Opposition must be filed before October 26, 1942.

Trade-mark	Class number and commodity
Hercules	No. 5—Entire class.
Grimault	No. 2—Entire class.
Duralit	No. 6—Entire class.
F. C	No. 20—Entire class.
Alca	No. 9—Entire class.
Super	No. 3—Entire class.
Mormodrin	No. 2—Entire class.
Satinet	No. 16—Entire class.
Colorin	No. 10—Entire class.

Colombia.—The following applications for trade-mark registration were published in the Diario Oficial on the dates noted. Opposition to the registration of these trade-marks must be made in Colombia within 30 days from the date of the third and last printing.

Trade-mark	Commodity	Date of publication
		1942
Life	Chemicals	Aug. 22
Masterworks	Phonograph records	Do.
2 Seals—One a black circle with two white musical notes, the other a circle with CBS and microphone.	Phonographs, parts, accessories, needles, etc.	Do.
Columbia	Phonograph records, phonographs and accessories.	Do.
Aristocrat, Senator, Sheraton, Bostonian.	Razor blades	Do.
Eko, Kodaguia, Brownie, Eastman, E. K. C., Kodak, N. C. y, Velox, Panatomic.	Cameras, parts and accessories, photographic chemicals, projectors, etc.	Do.
Hue-Lon	Dental materials	Do.
Orotan	Tanning chemical	Do.
Arseclor	Antivenereal preparation.	Do.
Nu-Enamel	Paints, varnishes, enamels, etc.	Do.
Gamewell	Electrical apparatus, etc.	Do.
Invention of Sounder.	Radiological method of sounding out wells.	Do.
Scarlet	Canned foods	Do.
Fleischmann's and 4 parallel rectangles in white on dark background.	Yeast Baking powder	Do.
Pennsylvania Oil	Oil	Do.
Old Town	Typewriter ribbons and carbon Paper.	Do.
Bepron	Medicinal and pharmaceutical product.	Do.
Cycleweld	Adhesive cement	Do.
Sun Oils	Label for oils	Do.
Daybrite	Electrical apparatus, accessories, etc.	Do.
Vycor	Surgical instruments and accessories, etc.	Do.
Mirado	Stationery supplies	Do.
Lehigh	Label for vegetable, mineral, and animal substances.	Do.
Hemo	Food preparations	Sept. 8
The John P. King Manufacturing Co. RR Heavy Shirtings.	Label for shirtings	Do.
Vilter	Industrial machinery and equipment.	Do.
Bandatin, Baquenos, Budnia, Brygena, Bryrel, Conmel, Dondonos, Dulvedena, Durdos, Falmonox, Fargenta, Gesta-	Medicinal products	Sept. 10.
Bandatin, etc.-Connon, Havinden, Namuron, Padrax, Randonos, Sedgen, Tirpuon.		*1942*
Moly-Cop	Metal products	Sept. 10
Cardui	Medicinal product	Sept. 11.
Triangular Figure	Heaters	Do.
Lucitone	Chemical products	Do.
Chen Yu Chiproof	Cosmetics, perfumes, etc.	Do.
Lenox	Saws	Sept. 12.
Vironamin	Medicinal product	Do.
Hobart	Industrial machinery and equipment.	Do.
Cal-C-Tose Cal-C-Vita Carmencita	Medicinal and pharmaceutical products.	Do.
Don Carlos A O L	Coffee, sugar, etc	Sept. 14
Socony	Various oil products, minerals, fibers, etc.	Do.
Optrex	Pharmaceutical products	Do.
Colors by Sargent	Label for paints, pencils, tints, etc.	Do.
Perfection	Stoves	Do.
Pepto-Bismol	Medicinal preparation	Do.
Barbara Gould	Toilet articles	Do.
Cadura	Compound used for improving coffee.	Sept. 15

Uruguay.—The following applications for trade-mark registration were published in the Diario Oficial of Montevideo, on the dates noted. Opposition must be filed within 30 days from date of publication.

Trade-mark	Product	Date of publication
		1942
Winston	Drug-store and chemical products, perfumery and toilet.	Sept. 14 to 19.
Colt	Cigars, cigarettes, tobacco.	Do.
Buckingham	Perfumery and toilet products.	Do.
Aureole	Jewelry, clocks, watches	Sept. 21 to 26
Vital	Beverages	Do.
Hepavit	Drug-store and chemical product.	Do.
Flanklin	Paper, stationery, etc	Do.
Nicodiazirel	Drug-store and chemical products.	Do.
Yes	Tobacco, cigars, cigarettes.	Do.

South African Demand for Bicycles

Bicycles are now in great demand in the Union of South Africa, according to the British press—largely as a result of restrictions on the sale of automobiles, gasoline, and tires. The supply is not adequate to meet the demand, and, in some cases, prices have increased approximately 100 percent. There are very few calls for tandem bicycles, however.

Canada's Cement Output

Cement production in Canada in 1941 amounted to 8,368,711 barrels valued at $13,063,588, compared with output in 1940 of 7,559,648 barrels valued at $11,775,345.

News by Countries

(Continued from p. 21)

Union of South Africa

Tariffs and Trade Controls

Export Control Regulations Modified.—Effective August 28, 1942, no goods may be exported from the Union of South Africa or the Mandated Territory of South-West Africa to any country except Basutoland, Swaziland, and Bechuanaland Protectorate, unless such goods are covered by an export permit issued by the Secretary of Commerce and Industries, according to a notice contained in the Official Gazette of August 28.

Exportation of wool, sugar, and photographic films and drawings, is not affected by the terms of this notice but will remain subject to previously prescribed control conditions. No permit will be required for fresh fruit or fresh vegetables, except onions or potatoes, exported to any part of the British Empire, Portuguese East or West Africa, Belgian Congo, French Cameroun, or French Equatorial Africa. No export permit will be required for: ships' stores, personal luggage, bona-fide gifts (not exceeding 11 pounds in weight or £2 in value, other than goods containing aluminum), samples, printed books, newspapers and the like, paper patterns, and cut flowers.

The above regulations repeal those in effect from September 15, 1941, under which export permits were required for British Empire; permits for goods going to the British Empire were required only for certain specified commodities.

United Kingdom

Wartime Commodity Controls

Clothes Rationing Period Modified.—The Board of Trade has found it necessary to reduce the clothes ration for 1942–43, although special consideration will be given the needs of growing children. The reduction will be carried out by lengthening the period the present installment of coupons has to cover. The current clothing ration book was issued June 1, 1942, and contained three blocks of 20 coupons each—green, brown, and red. This was done so that too many coupons would not be used at once. The green coupons were available for use for a 4½-month period. It has now been decided that for a 5½-month period the only coupons available will be the green ones, already valid, and the brown ones which now become valid. The red coupons will not be valid until April 1943.

Scheme for Wholesale Distribution of Fish.—So as to economize as much as possible in the use of rail and road transport, the distribution of a great many foods has been made subject to control. A scheme has been adopted to regulate the distribution of fish by limiting the

distance of shipment, using direct rail routes and eliminating cross hauls and unnecessary transfers of traffic. The scheme does not affect the transport of fish when it is sold by retail nor does it provide for any form of rationing to the customer.

Fish landed at specified ports may be distributed only within a specified zone. London and Birmingham areas are exceptions—they may draw from additional ports. Fish sent inland to wholesale merchants within each zone may be redistributed only to customers within a radius of 20 miles of the individual inland merchant's premises. Within each zone there are subzones, and fish landed in each zone are distributed to each subzone in proportion to the population of each subzone.

Transport and Communication

River Nene Navigable.—The River Nene in England has been made navigable for barges, according to press reports, thus connecting the Wash with the Midlands. The first shipment, a load of timber, was transported from Wisbeth to Northampton not long ago.

The cost of the improvement was approximately £1,000,000.

Orders to German Brewers

German brewers have been ordered to stretch until January 31, 1943, their supplies of malt and sugar, which were intended to last only until the end of November, according to the Axis press. Moreover, on the later date they must have 1 month's stock of beer on hand.

Contributors' Column

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Kathleen O. Horton.—Born in Hawarden, Iowa. Attended public schools in Minneapolis, Minn., Indianapolis, Ind., and Congers, N. Y. B. Com. McGill University, Montreal, in 1941. Worked for Economic, Financial, and Transit Department of the League of Nations, Princeton, N. J., before coming to the Bureau of Foreign and Domestic Commerce in June 1942. Assigned to United Kingdom section of British Empire Unit.

U. S. Export Control and Related Announcements

Developments communicated to the Adviser on Trade Controls up to Tuesday, October 13, 1942:

No. 408—*Current Controls Bulletin No. 50.*

The Office of Exports has issued Current Controls Bulletin No. 50 covering the following items:

I. *Removal of Canada From Export Control Over Commodities and Technical Data*

Effective immediately, all license requirements heretofore imposed by the Board of Economic Warfare on the exportation of articles, materials, supplies, and technical data to Canada and that part of Labrador under Canadian authority are removed. Neither an individual nor unlimited license nor other form of license will henceforth be required for such exportations. Furthermore, in the case of commodities, the general license symbol "G–1" need not hereafter be placed upon export declarations. Similarly, in the case of technical data, neither the symbol "General License TD–Canada" nor the release certificate heretofore required, need hereafter be placed upon or enclosed within the envelope or wrapper.

II. *General License to Australia*

Effective immediately, Australia is transferred from Group "K" to Group "C." (See Comprehensive Export Control Schedule No. 9, page 70.) All general license provisions applicable to Group "C" destinations are equally applicable to Australia.

III. *General License to Syria*

Effective immediately, Syria is reinstated as a Group "K" destination. Its number designation 96 (see Comprehensive Export Control Schedule No. 9, page 73) is changed to 78 and all general license provisions applicable to Group "K" destinations, numbered 1 through 81, will apply equally to Syria.

IV. *Parts and Subassemblies for Machinery and Vehicles*

Every export license application covering parts or subassemblies of machinery or vehicles must henceforth show whether such parts will be used for repair, replacement, and maintenance, or whether they will be assembled in complete units. If the former is the case, a statement as follows should be placed on the export license application:

"To the best of our knowledge, these parts will be used for repair, replacement, and maintenance only, and will not be assembled in complete units."

V. *Changes in General License*

Commodity	Department of Commerce Number (Schedule B unless otherwise indicated)	General license group—Old	General license group—New	Effective date of change
Animal oils and fats, edible:				
Oleo oil	0050	C	47	Oct. 10
Oleo stock	0051	C	47	Do.
Tallow	0052	C	47	Do.
Lard, including neutral lard	0053	C	47	Do.
Oleo stearin	0056	C	47	Do.
Oleomargarine of animal or vegetable fats	0059	C	47	Do.
Dairy products:				
Butter	0065	C	47	Do.
Animal oils and greases, inedible:				
Neat's-foot oil	0803	C	47	Do.
Lard oil	0809.01	C	47	Do.
Sperm and whale oil	0809.05	C	47	Do.
Other inedible animal oils	0809.98	C	47	Do.
Fish oils (not medicinal grade)	0819	C	47	Do.
Grease stearin (include lard stearin)	0843	C	47	Do.
Oleic acid or red oil	0847	C	47	Do.
Stearic acid	0849	C	47	Do.
Tallow, inedible	0857	C	47	Do.
Hog grease and wool grease	0858.05	C	47	Do.
Other animal greases and fats	0858.98	C	47	Do.
Nuts:				
Peanuts	1375	C	47	Do.
Vegetable oils and fats, edible:				
Coconut oil, edible, refined	1420	C	47	Do.
Cottonseed oil, refined	1425	C	47	Do.
Soybean oil	1430	C	47	Do.
Peanut oil	1431	C	47	Do.
Corn oil	1441	C	47	Do.
Cocoa butter	1442	C	47	Do.
Cooking fats other than lard	1447	C	47	Do.
Olive oil, edible	1449.01	C	47	Do.
Palm and palm-kernel oil, edible or refined (all varieties)	1449.03	C	47	Do.
Rapeseed oil, refined	1449.04	C	47	Do.
Vegetable stearin	1449.05	C	47	Do.
Other edible vegetable oils and fats	1449.98	C	47	Do.
Oilseeds:				
Soybeans	2210	C	47	Do.
Castor-beans	2220.01	C	47	Do.
Cottonseed	2220.02	C	47	Do.
Flaxseed	2220.03	C	47	Do.
Palm nuts and palm kernels (all varieties)	2220.20	C	47	Do.
Copra	2220.30	C	47	Do.
Oil seeds, n. e. s.	2220.98	C	47	Do.
Sesame	2220F	C	47	Do.
Naval stores, gums and resins:				
Tall oil (liquid sulfate wood resin)	2125	C	47	Do.

V. Changes in General License—Continued.

Commodity	Department of Commerce Number (Schedule B unless otherwise indicated)	General license group—old	General license group—New	Effective date of change
Vegetable oils:				
Coconut oil, crude	2230	C	47	Oct. 10
Cottonseed oil, crude	2231	C	47	Do.
Linseed oil	2232	C	47	Do.
Fatty acids of vegetable origin	2248.01	C	47	Do.
Olive oil, sulfured or foots	2248.03	C	47	Do.
Oil foots, vegetable, other	2248.05	C	47	Do.
Vegetable soap stock	2248.98	C	47	Do.
Castor oil, commercial	2249.01	C	47	Do.
Corn oil, crude	2249.02	C	47	Do.
Peanut oil, crude	2249.03	C	47	Do.
Oiticica, perilla, and rapeseed oil, inedible	2249.05	C	47	Do.
Tung oil	2249.10	C	47	Do.
Soybean oil, crude	2249.12	C	47	Do.
Olive oil, inedible, other than sulfured or foots	2249.15	C	47	Do.
Palm and palm-kernel oil, crude (all varieties)	2249.25	C	47	Do.
Expressed oils and fats, inedible, n. e. s.	2249.98	C	47	Do.
Miscellaneous vegetable products:				
Vegetable tallow and wax	2999.05	C	47	Do.
Chemical specialties:				
Textile specialty compounds (include finishes, softeners, bleaches, scours, oils, detergents, sizings, assistants, strippers, mordants, etc.)	8238	C	47	Do.
Polishes—Leather dressings and stains	8292	C	47	Do.
Medicinal and pharmaceutical preparations:				
Castor oil	8111	C	47	Do.

No. 409—*Current Controls Bulletin No. 51.*

The Office of Exports has issued Current Controls Bulletin No. 51 covering the following items:

*I. Revised Freight Space Application Form (BEW 138)**

A revised form of the application for freight space (Form BEW 138) has been issued. Exporters are requested to begin using this revised form immediately. Beginnig November 2, 1942, use of the revised form will be obligatory in applying for freight space.

Particular attention is called to the following changes: (1) the certification stating that no other application has been filed for freight space to export this material and (2) space for applicant's signature.

As in the past, the acknowledgment card (BEW 142) must accompany this application.

II. Unlimited License to the British Supply Mission

The Unlimited License to the British Ministry of Supply Mission has been amended to include shipments of all articles and materials covered by that Unlimited License to British Government agencies for their official use anywhere in the world. A shipment may be considered as falling within the scope of this amendment when the prior release certificate issued by the British Supply Mission bears a statement to this effect:

"Shipment to a British Government agency for its official use."

[* Sample copies of this form are available from the Office of Exports, Board of Economic Warfare, Washington, D. C.; their Branch Office at 500 Fifth Avenue, New York; and the Field Offices of the Department of Commerce.]

III. General License Changes and Assigned Shipping Ratings Effective: Immediately.

Commodity	Department of Commerce number (Schedule B unless otherwise indicated)	General license group—Old	General license group—New	Shipping rating
Sheep and lamb glove and garment leather (except shearlings)	0336	C	K	D
Pig and hog glove and garment leather	0338	C	K	D
Other glove and garment leather	0339	C	K	D
Case, bag, and strap leather	0356	C	K	D
Reptilian and aquatic leather	0357	C	K	D
Gum rosin	2110	C	K	C
Wood rosin	2111	C	K	C
Gum spirits of turpentine	2114	C	K	C
Wood turpentine	2115.1	C	K	C
Other terpene hydrocarbons derived from naval stores	2116.1	C	K	C
Tar and pitch of wood	2118	C	K	C
Pile piece goods (velvets, etc.) of synthetic textiles	3845	C	K	D
Rags for paper stock, valued $50 or over per ton	4690	C	K	D
Rags for paper stock, valued under $50 per ton	4691	C	K	D
Waste paper, No. 1 mixed paper	4699.01	C	K	D
Waste paper, supermixed paper	4699.02	C	K	D
Waste paper, box board cuttings	4699.09	C	K	D
Waste paper, white blank news	4699.11	C	K	D
Waste paper, extra manilas	4699.13	C	K	D
Waste paper, mixed books	4699.27	C	K	D
Waste paper, over-issue magazines	4699.29	C	K	D
Waste paper, other	4699.58	C	K	D
Other paper stock	4699.98	C	K	D
Newsprint	4711	C	K	*
Anthracite coal	5001	C	K	*
Bituminous coal	5002	C	K	*
Coal and coke briquets	5003	C	K	*
Marble and other building and monumental stone, rough or dressed	5101	C	K	D
Manufactures of stone, n. e. s.	5127	C	K	D
Hydraulic cement, Standard Portland	5164	C	K	*
Hydraulic cement, white nonstaining and other	5165	C	K	*

*Shipping Rating D for shipments under 2,240 pounds. In case of shipments over 2,240 pounds, shipping priority rating will be assigned upon receipt of application for freight space.

(Continued on p. 35)

IMPORT CONTROL

No. 13—*Purchase of Foreign Fats, Oils and Oil Seeds for Allied Nations Allocated Exclusively to United States and United Kingdom.*

The Combined Food Board has announced that in collaboration with the more vitally interested governments, an agreement has been reached whereby the purchase of foreign fats, oils, and oil seeds has been allocated between the United States and the United Kingdom. The United States will have in charge the exclusive purchase of these products in certain areas and the United Kingdom in other specified countries. These purchases are to be made in the interest of all the United Nations adhering to the Agreement, and will then be allocated among those nations in relation to their essential wartime requirements. The recommendation has been accepted by the food authorities of the United States, the United Kingdom, Canada, Australia, New Zealand, and the Union of South Africa and is now in effect.

For these areas, the United States will be the exclusive purchaser as follows:

All oil seeds and oils and fats (except animal fats in Argentina and Uruguay), in North and South American Continents, including the Caribbean Islands;

Copra, in Tahiti and all Free French Pacific Islands; and

All oil seeds and oils and fats in Portuguese Africa, Spanish Africa, and Liberia.

The United Kingdom will act as sole purchaser for these products as follows:

All animal fats in Argentina and Uruguay;

All oil seeds and fats in the British Empire countries, except in the Western Hemisphere, as noted above under United States purchasing assignments;

All oil seeds and oils and fats in Free French Africa; and

All oil seeds and oils and fats in the Belgian Congo.

This is a part of the general plans by which the Combined Food Board seeks to make possible the efficient procurement and allocation of the various important food supplies available to the United Nations for the combined war effort.

(Continued from p. 34)

III. General License Changes and Assigned Shipping Ratings Effective: Immediately—Cont.

Commodity	Department of Commerce number (Schedule B unless otherwise indicated)	General license group—Old	General license group—New	Shipping rating
Concrete and cement manufactures	5170	C	K	D
Lime	5171	C	K	D
Metal and stove polishes	8290	C	K	D
Shoe polishes and shoe cleaners	8291	C	K	D
Floor wax, wood and furniture polishes	8293	C	K	D
Automobile polishes	8294	C	K	D
Teeth	9152	C	K	B
New pianos	9211	C	K	D
Used or rebuilt pianos	9212	C	K	D
Pipe organs	9230	C	K	D
Other organs	9232	C	K	D
Percussion instruments	9245	C	K	D
Brass-wind instruments	9247	C	K	D
Wood-wind instruments	9248	C	K	D
String instruments	9293	C	K	D
Other musical instruments	9295	C	K	D
Musical instrument parts and accessories, n. e. s	9297	C	K	D
Dolls and parts	9400	C	K	D
Children's wheel goods and parts	9405	C	K	D
Mechanical toys and parts	9408	C	K	D
Toys, except mechanical, of metal	9409	C	K	D
Toys, except mechanical, of wood	9410	C	K	D
Toys, except mechanical, other toys and parts, except rubber	9418	C	K	D
Fishing rods	9420	C	K	D
Fishing reels	9421	C	K	D
Other fishing tackle and parts	9422	C	K	D
Golf balls	9433	C	K	D
Foot, basket, base, tennis and other balls	9434	C	K	D
Golf clubs	9436	C	K	D
Ice skates	9440	C	K	D
Roller skates	9441	C	K	D
Billiard tables and accessories	9445	C	K	D
Other athletic and sporting goods	9449	C	K	D
Amusement park and playground devices and parts	9450	C	K	D
Buttons, button parts, etc., of cellulose compounds, galalith, and other compounds	9711	C	K	C
Buttons, button parts, etc., of pearl or shell	9712.5	C	K	C
Buttons, button parts, etc., of other materials	9712.9	C	K	C
Button parts, backs, blanks or molds	9713	C	K	C
Toothbrushes	9822	C	K	C
Toilet brushes	9824	C	K	C

Britain Organizes Its Production Regionally

(Continued from p. 12)

noting that most of the contacts have been made between firms near at hand, thus economizing in the use of transport.

Technical Officers

In addition to clerical staff, each clearing center has consisted of one or more technical officers drawn from the engineering industry and an advisory committee consisting of representatives of employers and trade unions in the district covered by the committee. By these means the clearing centers have been able to deal intelligently with the production problems that have been referred to them and have provided indispensable links with local industry and with the ministry which is charged with the duty of dealing with the supply of labor.

It is, therefore, not surprising to find that in some cases the clearing centers developed into local offices for the discharge, under the general direction of the regional boards, of many of the functions of the boards themselves.

Certain Organizations Merged

The Citrine report recommended that all regional organizations be merged into one, but the Government decided that the Admiralty's and the Machine Tool Control's regional organizations are to retain an independent existence, although their services are available to the regional boards. All other independent capacity-seeking organizations which previously existed, however, are now merged in, and transferred to, the regional and district organization. Capacity-finding is a common service for all departments.

Where advisable and where this work has not already been done by the old capacity-clearing centers, the district office organizes small firms into groups, thus easing the problem of subcontracting and increasing the contribution which the small firms can make to the whole productive effort. The organization of the groups is subject to the approval of the district committee and of the regional board.

The regional organization can draw up a "danger list" of firms, to which, in its opinion, no further orders should be given, either because they are overloaded or because they are otherwise unsuitable—for example, because of technical inefficiency. The power to disqualify firms, however, can be exercised only centrally and is not delegated to the regional boards.

Central Coordinating Group

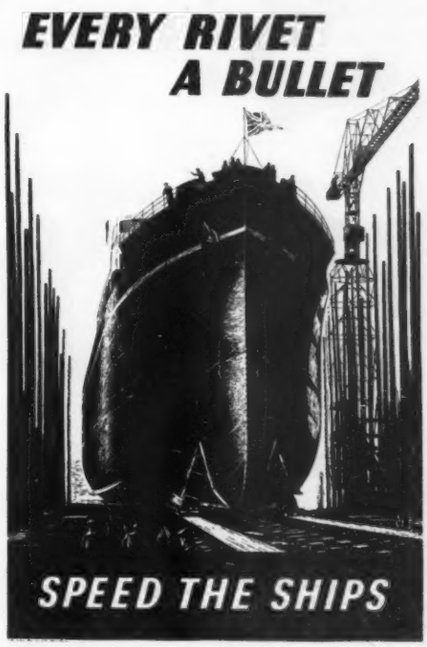
So that there might be some sort of central coordination of the work of the regional organizations of the Supply Ministries, it was thought advisable to set up a standing committee consisting of the officers in the Admiralty, Ministry of Supply, and Ministry of Aircraft Production responsible for the regional organizations of these departments, a representative of the Ministry of Labor and National Service and of the Machine Tool Control, and presided over by the head of the Regional Organization Division in the Office of the Minister of Production.

National Advisory Council

To advise the Minister of Production on general production questions and problems which arise from the proceedings of the regional organizations, a National Production Advisory Council was set up under his chairmanship. It is composed of 23 members: (*a*) 11 members, one from each of the regional boards, appointed by the Minister of Production from the vice-chairmen of the boards; and (*b*) 3 representatives of the British Employers' Confederation, 3 representatives of the Federation of British Industries, and 6 representatives of the Trades Union Congress, appointed by the Minister of Production from nominations submitted by these bodies.

Results of Reorganization

The reorganized regional boards have been in operation for such a short time that it is not possible to report whether the changes proposed by the Citrine Committee are bringing about the desired maximum use of productive capacity. Although the Government accepted all the main provisions of the Citrine plan, it made certain adjustments to the plan as recommended, which render it less effective than the Committee intended. The "regional controller (Ministry of Production)" has little distinction from the regional controllers of the other departments. He is chairman of the regional board and of its executive com-



Courtesy Office of War Information

mittee, but he does not have overriding authority.

Critics point out that the Government's decision to allow the Admiralty's and the Machine Tool Control's regional organizations to retain independent existence might delay production, because every such division of authority over resources and over the "marriage of capacity and requirements" weakens the whole set-up. An additional weakness, inherent in the Citrine recommendations, is the fact that the Ministry of Labor continues to have joint powers with the Ministry of Production over the allocation of labor.

Marked Improvement Noted

In most respects the boards are greatly improved. Under their new status, they are aware at all times of contracts placed and work in progress in the area. They can keep constant vigilance over the flow of orders and deliveries and the use of capacity. It is a much more satisfactory arrangement to have most regional organizations physically as well as administratively under the boards.

If the boards have the complete confidence of the ministries and industry, and if they have all the official information they need, there is every reason to expect that they are promoting the wisest and most effective use of the productive resources of the nation.

Canada Searches for Minerals

The Mines and Resources Department of the Canadian Government has assigned 28 geological parties to field work this year in Canada, the Northwest Territories, and the Yukon. Of these, 17 are assigned to search for deposits of ores of tungsten, chromite, manganese, fluorspar, mica, graphite, and other minerals, while most of the other parties will search for oil.

Brazil's Inventory of Metallic Materials

In a national inventory of metallic materials in Brazil, all possessors and depositories of new or used materials were required to report their stocks, as of August 15, 1942. Quantity, weight, purchasing and selling prices of material in stock, classified in accordance with current specifications, had to be shown. Proof of purchasing price was to be kept for presentation, if required. Failure to comply rendered the offender subject to a fine.

Financing U. S. Exports Under War Conditions

(Continued from p. 13)

What is the maximum term of a letter of credit?

Eighteen months from its date of issuance.

At what stage in the transaction may the exporter receive payment?

At any stage specified in the letter of credit after the goods have been boxed or otherwise made ready for ocean shipment. The letter of credit may provide for payment against insured custody receipt, warehouse receipt, or inland documents in accordance with the terms of sale. On the other hand, it may provide for payment only against ocean documents. Provision may be made in any case for partial shipments.

What documents must the exporter present?

Sight draft and appropriate documents as specified in the letter of credit. He must also, in most instances, present an export license.

Whose custody receipt will be accepted?

The custody receipt of a manufacturer or of an export house or agent which has proper facilities for storage of the goods.

What must be shown by a custody receipt?

A custody receipt must (1) identify the goods covered by the receipt and the place where they are being held, (2) certify that the goods conform to the order of the importer and that they are properly boxed or otherwise made ready for ocean shipment, (3) evidence the undertaking of the signer of the receipt that the goods are being held for the holder of the receipt and that they will be delivered in good condition upon its surrender, and (4) certify that the goods are then and will continue to be insured, without cost to the holder of the receipt, against customary risks while they remain in custody of the signer.

When must the exporter present an export license?

If the letter of credit provides for payment against inland documents, the exporter must present either an export license carrying a shipping priority rating of AA, A, or B or a certificate to the effect (1) that at the time of opening the letter of credit such a license had been issued and was thereafter revoked or (2) that, at that time, no such license was required and that when such license became necessary an application therefor was duly made and was denied. If such a certificate is presented, the sight draft will not be paid until the facts stated therein are verified by the Export-Import Bank.

Does the exporter receive payment without recourse?

Yes, except as regards the validity, correctness, or genuineness of the documents presented or for the existence, character, quality, or quantity of the goods which they purport to cover.

When payment is made against inland documents, who makes arrangements for forwarding and insurance?

The United States correspondent bank which has paid the sight draft. The forwarding may be arranged either through the exporter, if he is willing, or through an independent forwarding broker. The insurance, both marine and war risk, will be placed under policies written for the Export-Import Bank.

Who pays for the forwarding and insurance in such cases?

The United States correspondent bank which has paid the sight draft. These expenses include all items for which the exporter is not to be paid by the terms of the letter of credit. They are chargeable in turn to the bank in the importing country which opened the letter of credit and must be paid by it without limitation as to amount if the goods arrive at the port of discharge within the specified period.

To whom is the insurance payable?

Loss, if any, is payable to the bank in the importing country, or order, except that, in case of nonarrival of the goods at the port of discharge, loss is payable solely to the Export-Import Bank.

What ships may be used?

Ships of United States registry or, if this is not feasible, ships of any other American Republic which is a member of the Inter-American Maritime Commission. If no such bottoms are available, ships of other nations may be used only with the consent of the Export-Import Bank.

May the plan be used by Proclaimed Blocked Nationals?

No. No letter of credit may be opened directly or indirectly for the account of any person or firm whose name, at the time of opening of the letter of credit, is on "The Proclaimed List of Certain Blocked Nationals," as promulgated by the Government of the United States.

Germany's Waterways Busy

As the war progresses, Germany's rail facilities are being reserved more and more for military purposes, and greater demands are being placed upon the country's waterways, particularly for the movement of goods for the civil population.

Inland-waterway transport companies which formerly depended upon railways to handle short overland transshipments must now make use of motortrucks equipped with producer-gas generators.

Ireland Hunts Minerals

Promotion by Eire's Minister for Industry and Commerce of a limited company for prospecting and developing minerals in Ireland is provided for by the Minerals Exploration and Development Company Act. The company, formed during the latter part of 1941, has now begun to function.

New Books and Reports

★ The following publications, added to the Department's research facilities through the courtesy of the authors and publishers, are listed as a service to businessmen. *Please note:* The Department has no copies of private publications for distribution and cannot be responsible for their content. For private publications, write direct to the publishing agency given in each case.

Articles of Current Interest Appearing in the Department of State Bulletin, October 3, 1942

Copies of this publication, which is issued weekly by the Department of State, may be obtained from the Superintendent of Documents, Government Printing Office, Washington, D. C., for the price of 10 cents each; subscription price, $2.75 a year. The October 3 issue contains these articles:

SERVICE IN THE UNITED STATES ARMED FORCES OF AMERICAN CITIZENS RESIDING IN CANADA.

ARRANGEMENT FOR THE PURCHASE OF FATS AND OILS.

CONTRIBUTIONS FOR RELIEF IN BELLIGERENT COUNTRIES.

CENTRAL TRANSLATING OFFICE OF THE DEPARTMENT OF STATE.

FOREIGN SERVICE CONFIRMATIONS.

Other Publications

A STUDY OF WAR. Quincy Wright. 1942. 1,552 pp. 2 Vols. Price, $15. Volume I traces the history of warfare from hostilities among animals, through primitive and historic civilizations, to modern times. Reveals by facts and figures the increasing need in our civilization of preventing war. Discusses the drives, functions, technologies, and theories of hostilities. Statistical tables, maps, and diagrams accompany the text and indicate the impact of war on the life of man since primitive times. The entire subject of war is presented systematically.

Volume II analyzes the causes of war and discusses the practical problem of preventing war. The problem, says Mr. Wright, is essentially one of maintaining adaptive stability within the world-community—only possible if larger sections of the public persistently view that community as a whole. Certain universal and regional institutions must be maintained for adjusting national controversies, reconciling historical traditions with social progress, and giving due weight to the requirement of order and justice in social action.

The two volumes summarize 15 years of collective research on war carried on at the University of Chicago.

Available from: The University of Chicago Press, 5750 Ellis Avenue, Chicago, Ill.

WARTIME PRICE CONTROL. George P. Adams, Jr. 1942. 153 pp. Price, $3, cloth; $2.50, paper. Presents a history of price control during the first World War, describing the steps taken by each of the major belligerent nations to create a war economy. Analyzes the work of the war agencies most concerned with price control and gives a review of their procedures, techniques, and problems. The development of thought on the subject in the post-war years is also discussed.

Available from: American Council on Public Affairs, 2153 Florida Avenue. Washington, D. C.

THE RECIPROCAL TRADE AGREEMENTS PROGRAM. Grace Beckett. 1941. 142 pp. Price, $2. States the aims of our reciprocal-trade-agreements program, analyzes the technique, and evaluates the effects of that program. Chapters are included on the adoption of a trade-agreements program; administration of the amendment to the Tariff Act of 1930; general provisions of the reciprocal trade agreements; concessions obtained in the reciprocal trade agreements for exports from the United States; concessions granted in the reciprocal trade agreements on imports into the United States; effect of the reciprocal trade agreements upon the foreign trade of the United States.

Available from: Columbia University Press, 2960 Broadway, New York, N. Y.

RESEARCH AND POST-WAR PLANNING IN THE U. S. A. Inter-Allied Information Center. 1942. Separate volumes consisting of: Survey of Agencies (Volume 1, 85 cents; Volume 2, 65 cents; Volume 3, 60 cents; Volume 4, 70 cents). Bibliography (Volume 1, $1; Volume 2, 65 cents; Volume 3, 60 cents; Volume 4, 90 cents). Lists sources of information which will be helpful to those interested in post-war planning. In addition to describing a number of agencies at work on post-war problems, the booklets also contain a bibliography of books and articles dealing with the many phases of post-war reconstruction.

Available from: Inter-Allied Information Center, 610 Fifth Avenue, New York, N. Y.

Lisbon Bans Motorcars

Motorcars have been banned from the streets of Lisbon, Oporto, and Braga, Portugal, by a Government order, states the British press.

The measure was necessary because of the shortage of gasoline. In the rest of Portugal only a restricted number of cars will be allowed.

"Laminarin" in Ireland

Recent experiments in Eire have shown that laminarin, a seaweed product, is a potential source of glucose and alcohol and that it might be used as a basis for adhesives. In the production of ethyl alcohol from laminarin, yields of 13 to 16.9 gallons per ton of air-dried autumn weed were obtained, according to reports.

"There's No Limit to Material Prosperity"

(Continued from p. 3)

producers want to sell them to any customer who has the means to buy. The real problem of consumers has always been the means of payment. In the world that emerges from the war that problem will be very serious indeed.

"Payment in Goods, Services"

When this war ends much of the world will be impoverished beyond anything known in modern times.

Relief cannot go on forever, and the day must come as soon as possible when the devastated areas again are self-supporting. That will require enormous shipments from abroad, both of capital goods and of the raw materials of industry. For these early reconstruction shipments no immediate means of payment will be visible. That means large financing, much of it long-term. The United Nations must arrange that too.

But finally comes payment, both of whatever interest burden the loans carry and for the current purchases of raw materials and other imports. I need not say that international payments, on that scale, can be made only in goods and services. There is no other way. Access to raw materials comes in the end to access to the great buying markets of the world.

Those who expect to export must take the world's goods and services in payment. I hope that the United States is ready, now, to act upon that lesson.

"Forward in Loyal Partnership"

The United Nations have agreed to act upon it, and in mutual-aid agreements with a growing number of them we and they have promised to direct our common efforts to increased production, employment, and the exchange and consumption of all kinds of useful goods. We and they have promised further to attack the problem by removing discriminations in the treatment of international trade and by reducing unwarranted and artificial tariff barriers.

The future prosperity and peace of the world, and of the United States, depend vitally on the good faith and the thoroughness with which we and they together carry out those promises.

During the war as fully as we can, and more fully after we have destroyed the madmen who seek to rule the world by force and terror, we of the United Nations will go forward in a loyal partnership to carry out the pledges we have made to each other and the world.

"To Make a Mighty Start"

There is no limit, then, to the material prosperity which is within the reach of the United States, and of mankind. The great thing that has happened in our time is that mankind at long last has taught itself enough of the means and techniques of production, of transport, and of scientific agriculture so that it is technically possible to produce and to distribute on this planet the basic physical necessities of health and decent living for all of the world's people.

What remains—and it is a great and formidable task—is so to remake our relations with each other, in loyal and cooperative effort, that the great productive forces which are within our sight may function freely for the benefit of all. It is within our power to make a mighty start upon that road; we have laid down the principles of action; it is for the people of the United States to determine whether their Government is to be authorized to carry on.

For 12 tragic years after the close of the last World War the United States withdrew from almost every form of constructive cooperation with the other nations of the earth.

We are reaping the bitter cost of that isolation.

"Future Will Rest Secure"

For I am persuaded that after the victory is won, so long as the power and influence of the United States are felt in the councils of the world, so long as our cooperation is effectively offered, so long can one hope that peace can and will be maintained.

The blessings we have inherited from our forefathers do not constitute an inheritance that we may only passively enjoy. They can only be preserved by sacrifice, by courage, by resolution, and by vision.

If the American people prove themselves worthy of their ancestors, if they still possess their forefathers' dauntless courage and their ability to meet new conditions with wisdom and determination, the future of this Nation will rest secure, and our children and our children's children will be able to live out their lives in safety and in peace.

Discovery of Good Coal Is Good News for Argentina

The discovery of large deposits of medium-grade coal in the Province of San Juan, as reported in the newspaper Los Andes, is good news for the railroads, industries, and public utilities of the Argentine Republic which have recently been reduced to burning corn on the cob in order to keep the wheels of industry moving.

The deposits are reported in the Sierra de Caballo Anca, about 60 miles northeast of Jachal, according to Dr. Engineer Pascual Serosso, Director of the School of Mines at San Juan. Jachal is 96 miles north of the city of San Juan and is the terminal station on that branch of the National Railways. San Juan is in the foothills of the Andes somewhat to the north of Mendoza.

The four recently reported coal veins are exposed one above the other in the side walls of a valley about 5,500 feet above sea level—the veins varying from 8 inches to 44 inches in thickness. Those who have sampled and tested this coal report that it is entirely different from the general run of low-grade coal found in other parts of Argentina. This coal, according to Dr. Serosso, is quite free from sulphur and has a calory content of from 5,000 to 6,200 units. Also, and very important, preliminary tests indicate that it might be used successfully for coking purposes. The outcroppings may be reached by rail by extending a spur tract from Jachal to the valley of the Bermejo River with only 12 miles of mountain engineering involved. The deposits are estimated to have a production of 5,000 to 6,000 tons per acre.

The final survey and thorough investigation of this and other coal deposits is at present hampered by the shortage of equipment and machinery for this purpose in Argentina. Other deposits have been reported in the Provinces of La Rioja, Mendoza, Rio Negro, and in the Territory of Neuquen. But work in proving and opening for production of these projects is at present held up through lack of necessary machinery.

At present 150,000 tons of corn are burned each month as a substitute fuel. The railroads are now burning a mixture of 40 percent coal and 60 percent corn on the cob. As corn has a calory rating of only about 2,500 units, as compared to 8,500 for the best coal, the extent of the emergency may easily be appreciated. Wood is also used to fire locomotives on those lines where firewood, chiefly quebracho, is obtainable, but it takes 4 tons of wood to produce the same amount of heat as 1 ton of imported coal.

Corn briquettes for domestic and industrial fuel uses are being manufactured by the State Oil Company of Argentina to compensate for decreased coal imports. About 1,000,000 tons of coal were imported in 1941, as against 3,000,000 in 1939. Much of Argentina's corn surplus is being used to manufacture alcohol for use as motor fuel.

Experiments have been conducted recently in shipping scrap iron to Concepcion, Chile, where there are electric furnaces and rolling mills. The scrap is melted down, rolled into rods and bars, and shipped back to Argentina. The scarcity of fuel, including the total lack of suitable industrial coal, has been the principal retardant in the industrialization of Argentina. That nation is dependent on importations for 75 percent of its industrial fuel needs.

The oil wells of Argentina provide for all that nation's needs in gasoline and its byproducts and for 50 percent of the fuel-oil requirements. The amount of fuel oil imported is approximately equal to the total domestic fuel-oil production.

The coal formerly imported, chiefly from Europe, supplied about one-half of Argentina's fuel requirements, the other half being met by domestic and imported fuel oil. Coal is now being imported in limited quantities from Chile and, until quite recently, from the United States. The coal shortage, brought about by insufficiency of shipping, has worked great hardships on Argentine industry.

It has been known for some time that low-grade coal deposits existed in the foothills of the Andes, but there was no

economic justification for exploiting these deposits when high-grade Welsh coal could be laid down in Buenos Aires—the main industrial region with one-quarter of the nation's population—at a lower price per ton than domestic coal of a lower grade could be hauled by rail the 900 miles from the Andes. This illustration gives point to the vast difference in the cost of transportation by sea and by land.

Timber Resources of Para, Brazil

The State of Para, Brazil, is rich in timber resources. One of the largest trees in the region is the Brazil-nut tree, "castanha do Para," probably second to the Hevea rubber tree in commercial importance. Other trees of commercial value that promise to figure in the lumber industry's progress are:

Maparajuba.—A dark red, hard wood of even grain, easily worked. The lumber is much used in construction because it resists the action of water, air, and soil.

Cedro.—The common cedar, valuable commercially. Unfinished, hand-sawn lumber is exported, and hand-sawn shingles are used locally.

Macaranduba.—Has a milky juice which is a minor source of balata, a gum used for industrial purposes. This wood and also "pao d'arco" are considered excellent for railway ties and outdoor construction. The latter is also used for wagon making, cabinet work, and turnery.

Marupa.—An important wood, yellowish-white, easily worked and immune to termites. It yields a high percentage of cellulose and is used locally for making matches, boxes, for house sheathing, and general carpentry. Considerable quantities have been exported to the United States for organ pipes, piano keys, and interior trim.

Acupu.—A hard wood, chocolate brown, streaked with lighter brown. It is suitable for civil and naval construction, cooperage, and high-grade flooring. The itauba, a yellowish-green wood, is also used for ship building.

Pao Santo.—A beautiful wood, almost black, with large dark green spots; takes a high polish. It is used for cabinet work and high-grade wood articles. Macauba, a hard wood, red to reddish-brown, is also popular for furniture.

Uacima.—A small tree, commonly known as malva. The stem yields a strong fiber suitable for making sacking. A number of woody lianas are common in the Para section of the Amazon Valley and are used in making wicker furniture.

Although four-fifths of the inhabitants of Paraguay live in rural areas, only 1 percent of the land of the country is in cultivation, states the United States Department of Agriculture. For the most part, this cultivated land is in clearings in the forests of the eastern section of Paraguay.

More Lubricants for French Africa?

A plant designed to refine certain lubricants from resins is being constructed near Algiers by the government of Algeria. The factory, it is expected, will be ready to start operations by January 1943.

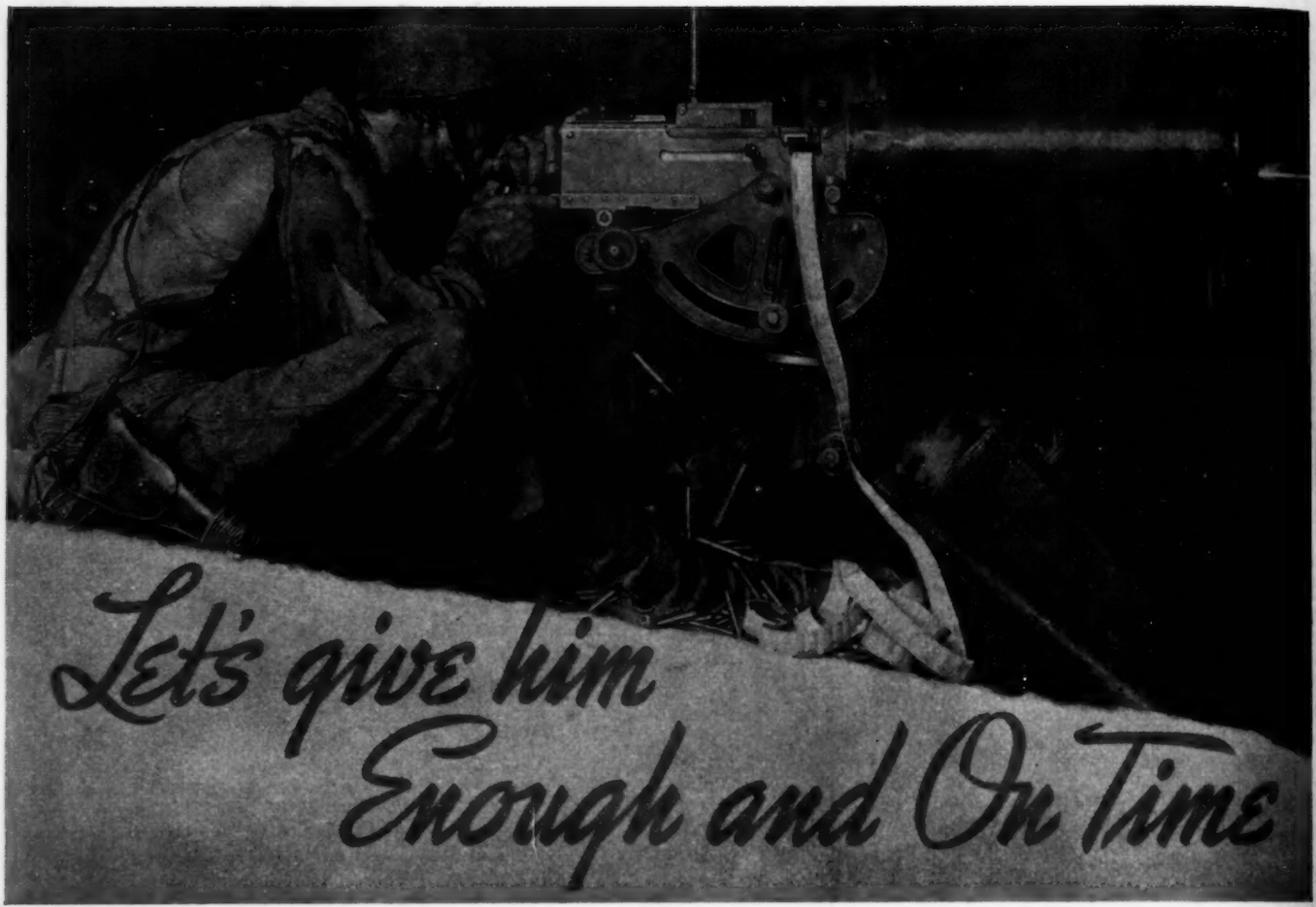
The authorities plan to use colophony from Portugal as the raw material, and it is thought possible to produce about 80 tons of crude lubricants from each 100 tons of colophony processed.

A factory for the manufacture of wallboard is reportedly to be erected in Recife, capital of the State of Pernambuco in Brazil—the first of its kind in that part of the country.

Britain's Brick Industry: New Recommendations

An advisory committee studying the British brick industry has recommended reduced output together with a method to compensate for loss of sales; the allotting of trade on a quota basis; the setting of minimum and maximum prices; and the establishment of a National Building-Brick Council for wartime control measures under statutory authority of the Minister of Works and Buildings.

A National Advisory Committee on Beeswax will work with the Canadian Wartime Prices and Trade Board, the British press reports. The committee includes the Dominion Apiarist and several representatives of the industry.



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